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## THE DEFINITION OF PRICE

### *I. Scope and plan of study.*

The need of a clearer, more consistent, and more generally accepted terminology in economics is felt by all economists today. The selection of "price" as the first subject for terminological discussion may, however, call for justification.<sup>1</sup> It has been objected that price is a less difficult term, less in need of re-definition, than are various other concepts such as value, cost, etc. But the easiest topic in terminology is none too simple. Our definitions, which should constitute a system, seem at times to be but a snarl to be untangled, if at all, only by carefully pulling a strand at a time, beginning with the threads least immeshed. Price in all its variations of definition has to do with practical transactions in the market; it seems to be a more tangible fact, a more superficial phenomenon than such things as value and cost; it should present, therefore, fewer difficulties in definition. Yet it presents difficulties enough to call for all our patience and thought.

With the purpose of determining not only what definitions of price have been used, but also what, if any, trend of thought in the subject could be discovered, the writer consulted many texts and found some 117 definitions.<sup>2</sup> These were classified according to the following plan.

*Erratum:* On page 540 (Sept. issue), in the table at foot of column "T" change " $3\frac{1}{2}$ " to " $4\frac{1}{2}$ ". (This error was due to an accidental disturbance of the type after the final proof had been corrected.)

Group A. Objective-exchange-value<sup>3</sup> definitions of price in terms of value in the sense of purchasing power (including on grounds of relationship of ideas some definitions in which no mention of value appears).

Group B. Subjective-value<sup>3</sup> definitions of price in terms of value in the sense of desirability, estimation, subjective value (including cases in which value is merely said to be reflected in some degree by price, or is merely in the background of the thought).

Group C. Ratio-of-exchange definitions of price in terms of value in the sense of a mere ratio of exchange, or bare mathematical expression, or quantum. (In these descriptions the phrase "in terms of value" means as a species of the genus value, or as an expression or measure of value; see below, p. 807. In each of these groups are two varieties usually, but not always, clearly identifiable.

Variety 1. Non-monetary definitions of price, wherein price is not peculiarly connected with the money-expression, (*i.e.*, takes form in any commodity or sum of goods given and received in exchange for another thing.)

Variety 2. Monetary definitions of price, wherein price is peculiarly connected with the money-expression.

The combination of these two classifications gives six main kinds of definitions, hereafter referred to as types; *e.g.*, as type A1 the non-monetary objective-exchange value type; etc. Numerous small individual variations appear which elude any classification.

was kept of authors in whose writings a quotable definition was not found, but the following would be included: List, Newman, Paoletti (and many other of the older Italian writers), Pierson, Råper, Rapet, Raymond, Rogers, Scialjo, Walras, Wieser. Many have just chanced to avoid committing themselves directly or indirectly to a definition of price, usually by employing some other phrase, such as market value, as a synonym. The definition that would have been given by some of these writers might be fairly well inferred, but I have not done this, except in a few cases as indicated in the text of this article.

At the round table discussion at Washington the distinction tentatively presented by the writer as primary was that of monetary, non-monetary, with the subheads A, B, and C, indicating the type of value definition. See "Proceedings," *AMERICAN ECONOMIC REVIEW*, vol. II, No. 1, supp., p. 89.

<sup>3</sup>The Austrian terms are followed in these cases as perhaps the most generally used now. The writer does not, however, commit himself to this terminology.



In the following tables the authors' names, grouped by the six types, are arranged chronologically, the letters indicating the language in which the author wrote; Americans (A) are, however, distinguished from English (E); the one Australian is classed with English (E); Austrians with Germans (G); French Swiss with French (F); and Italians are indicated by I. It is a lingual rather than a political classification, except that English is subdivided between English (including Scotch, Irish, and Australian) and American.

## II. Objective-exchange-value non-monetary definitions; type A1.

In presenting a list of representative definitions let us begin with that of Adam Smith, returning later to the type which was used by his predecessors and by some of his contemporaries. Smith (*Wealth of Nations*, 1776) gives no formal definition of price but implies one in these statements:

I shall endeavor to show . . . what is the real measure of this exchangeable value, or wherein consists the real price of all commodities (Routledge ed., p. 22).

The real price of everything, what everything really costs to the man who wants to acquire it, is the toil and trouble of acquiring it (p. 22).

Labor was the first price—the original purchase money etc. (p. 23).

The exchangeable value of every commodity is more frequently estimated by the quantity of money than . . . of labor, or of any other commodity (p. 24).

Every commodity, besides, is more frequently exchanged for, and therefore compared with, other commodities, than with labor. It is more natural therefore to estimate its changeable value by the quantity of some other commodity than by that of the labor which it can purchase (p. 23).

Price here means the cost of a thing either in exchange or in direct production, and may be "measured" in other commodities or in toil, trouble, labor, or money.

Smith's definition is of the non-monetary objective type, of which the following twenty-seven examples have been found, twelve English, five American, four French, and six German.

Smith	1776	E	Mill, J.	1821	E
Jakob	1809	G	McCulloch	1825	E
Ganilh	1812	F	McVickar	1825	A
Hufeland	1815	G	DeQuincy	1844	E
Malthus	1820	E	Roscher	1854	G
Torrens	1821	E	Umpfenbach	1867	G

Bowen .....	1870	A	Devas .....	1892	E
Mangoldt .....	(2d ed. 1871)	G	Cannan .....	(2d ed. 1897)	E
Cairnes .....	1874	E	Lindsay .....	1899	A
Musgrave .....	1875	E	Flux .....	1904	E
Price .....	1878	E	Pesch .....	1905	G
Walker .....	1884	A	Landry .....	1908	F
Houdard .....	1889	F	Univ. of Chicago <sup>1</sup> .....	1910	A
Molinari .....	1891	F			

Gottlieb Hufeland, professor of laws in the University of Lands-hut, gave exceptional attention to exact definition. His work long exercised a wide influence and he is still one of the most frequently quoted of the writers of his period. He said in his *Neue Grundlegung der Staatswirtschaftskunst* (Wien, 1815), pp. 22, 100:

"Price is a compared exchangeable value." "In an exchange one must make a comparison between the value of the goods to be given and the value of those to be received."

This indicates that the goods on either side of the exchange may be deemed to be the price of the other goods.

R. Malthus (*Political Economy*, London, 1820) well nigh goes over to a monetary concept, believing it "would certainly be better," but confesses that "it is not uncommon to speak of the price of a commodity in labor, or in other commodities" (p. 58).

A clear-cut example of this type of definition occurs in R. Torrens (*Production of Wealth*, London, 1821):

"Exchangeable value expresses the power of purchasing with respect to commodities in general; . . . price denotes the same power with respect to some particular commodity, the quantity of which is given." Examples given are "corn, or wine, or labor, or money" (p. 48).

Similar definitions were given by the English writers John Mill, J. R. McCulloch, and T. DeQuincy (1844) and then the non-monetary variety of exchange-value definition disappears from the American writings in our list until 1870 (Bowen) and from the English until 1874 (Cairnes).

J. E. Cairnes said (*Some Leading Principles of Political Economy*, 1874):

[Commodities] may rise or fall in relation to any selected one among the number; and if gold or silver be the one selected, commodities in general may rise in relation to gold or silver. The value of other commodities in relation to a commodity thus selected is called "price."

<sup>1</sup> *Outlines*, prepared by teachers in the University of Chicago.

Francis A. Walker offers a good example of this type (*Political Economy*, 1884):

Price is purchasing power expressed in terms of some one article; power-in-exchange-for-that-article, be the same wheat, or beef, or wool, or gold, or silver. In common speech the word price brings up the idea of money-value, the purchasing power of an article expressed in terms of money. Yet it is equally correct to say that the price is 75 bushels of wheat, as to say it is \$100 (p. 82).

A non-monetary (but near monetary) definition is given by Houdard (*Premiers Principes de l'Economie*, Paris, 1889):

Price is "the expression of the exchange value of a thing in units of exchange value" (p. 97). "The term price has received the meaning of the commodity given as equivalent to another. . . . In most cases . . . price signifies the quantity of money necessary to acquire a good" (p. 98).

The seven last writers in the foregoing list, from Devas (1892) on (three English, two American, one French and one German), all show evidence of the influence of the newer "marginal utility" doctrine, combined with otherwise conservative views on economic theory. Pesch, the one German writer (1905), is a Jesuit priest, whose ideas evidently are taken directly from Devas, professor in the University of Dublin, and not from German sources.

### III. Objective-exchange-value monetary definitions; type A2.

The curious wording, "exchangeable value expresses the power of purchasing" which occurs in Torrens' definition, above, implies some confusion between ideas of value as a quality of things and as the concrete object in which it is expressed. Already this confusion had appeared in the identifying of purchasing power and price in Ricardo's *Political Economy* in 1817, four years before Torrens' book. Ricardo at the same time gave the first example to be found in our list of the monetary variety of the price concept. He gave in that connection no formal definition of price nor did he explicitly distinguish it from value.<sup>5</sup> He quotes Adam Smith approvingly, however, as to labor being the "real price" and "the first price." He speaks of "the natural price of wages estimated in food and necessities,"<sup>6</sup> These expressions by themselves imply the non-monetary concept of price, but he heads section 7, of chapter 1: "Different effects from the alteration in the value of money, the medium in which price is always ex-

<sup>5</sup> McCulloch's ed., London, 1871, pp. 22-25.

<sup>6</sup> Economic Classics ed., ch. 5, p. 84.

pressed." In his essay "Proposals for an economical and secure currency," etc., 1816,<sup>7</sup> he says: "The price of a commodity is its exchangeable value in money only."

Ricardo's general usage of terms seems to be: (Value means command over commodities in general, or power in exchange, while price means the amount of money for which a commodity will exchange. This concept is of the exchange-value-monetary type (A2), of which forty-three examples appear in our list, it being the most numerously represented of the six types.

There are 11 English, 15 American, 14 French, 3 Italian, and no German names.

Ricardo	1817	E	Perry	1878	A
Marcet	1821	E	Nazzani	1881	I
Senior	1836	E	Sidgwick	1883	E
Wayland	1837	A	Ford <sup>8</sup> (in Lalor's Ency.)	1884	A
Carey	1837	A	Newcomb	1885	A
Vethake	1838	A	Leroy-Beaulieu	1887	F
Droz	1846	F	Laughlin	1888	A
Mill, J. S.	1848	E	Macvane	1890	A
Coquelin et			Marshall	1890	E
Guillaumin (Dict.)	1854	F	Prothero	1895	F
Courcelle-			Perin	1895	F
Seneuil (Dict.)	1858	F	Foville	1896	F
Smith, E. P.	1860	A	Bullock	1897	A
Garnier	1860	F	Nicholson	1903	E
Boccardo	1861	I	Bonar	1903	E
Cherbuliez	1862	F	Seager	1904	A
Hearn	1864	E	Carver <sup>9</sup>	1904	A
Bathie	1866	F	Levasseur	1905	F
Metz-Noblat	1867	F	Beauregard	1905	F
Walker, A.	1867	A	Johnson, J. F.	1905	A
Fawcett (Mrs.)	1874	E	Colson	1907	F
Cossa	1875	I	Taussig	1911	A
Cauwès	1878	F			

Between Ricardo and J. S. Mill a half dozen names are found in this list, while an equal number (of those we have found) adhered in this period to the non-monetary definition as still tenable if not always preferable. When, however, J. S. Mill in 1848 added the weight of his authority, this form of definition became markedly dominant. J. S. Mill said:

<sup>7</sup> McCulloch's ed., p. 401.

<sup>8</sup> Ford grants a wider, non-monetary meaning in a state of barter.

<sup>9</sup> Carver says that the commodity in which price is expressed is "usually" called money, perhaps admitting a non-monetary meaning.

Exchange value requires to be distinguished from Price. The words Value and Price were used as synonyms by the early political economists, and are not always discriminated even by Ricardo. But the most accurate modern writers, to avoid the wasteful expenditure of two good scientific terms on a single idea, have employed price to express the value of a thing in relation to money; the quantity of money for which it will exchange. By the price of a thing, therefore, we shall henceforth understand its value in money; by the value, or exchange value of a thing, its general power of purchasing; the command which its possession gives over purchasable commodities in general. (*Political Economy*, Book 3, ch. 1, sec. 2, p. 538.)

Mill has no glimpse here of the pre-Ricardian ground of distinction between "exchangeable value" as a quality, or power, in commodities, and price as the expression of that power in terms of commodities.<sup>10</sup> Thinking, therefore, that the two words were used as synonyms "even" by Ricardo, he fixes upon the monetary expression of price as a possible distinguishing character. Yet he does not define price as the money (or amount of money) given in exchange, but as the "value" (purchasing power) expressed in terms of money. (This distinction may not be immediately obvious but it involves a real problem in terminology.) Mill leaves no special name either for the amount of money itself, or for the quantity of commodities in general, given in exchange for a thing.

The definition of P. Leroy-Beaulieu stresses the estimation of value rather than its expression (*Precis d'Econ. Pol.*, 1st ed., 1887): "When value is estimated in money it takes the name price" (p. 208).

The mathematician S. Newcomb emphasizes price as a measure of value, in preference to the terms expression or estimation, in a definition of a monetary type (*Principles*, 1885):

Price is considered as the measure of value. The price of a commodity is the number of units of money which the commodity can be exchanged for in the public market. . . . Price is the measure of value just as length is the measure of a line (p. 63).

In the French dictionary of Coquelin et Guillaumin (*Dict. de l'Econ. Pol.*, 1854) all reference to value is omitted and a mere amount-of-money definition is given. Price is "the quantity of money for which one may buy or sell a commodity" (p. 435).

Similar definitions are given by J. L. Laughlin (*Political Economy*, 1888): "Price is the amount of money for which an article may be exchanged"; by Macvane (1890): "The price of a thing

<sup>10</sup> An explanation of this oversight is given below (pp. 801-802).

means the amount of money it exchanges for"; by A. de Foville (in Say's Dict., 1896): "Price is the sum for which it is or can be exchanged"; and by Beauregard (*Elements*, 1905): Price occurs "when a thing is exchanged for money." This form of concrete definition of price, without explicit reference to value, rare among those whose value concept is objective, is found more frequently among those who hold a subjective concept, as is indicated below (p. 808).

#### IV. Subjective-value non-monetary definitions; type B1.

The list of definitions in group B begins with Beccaria (work written between 1769 and 1771 but first published in 1804). There are 28 examples of the non-monetary type as shown in the following list: 1 English, 6 American, 2 French, 4 Italian, and 15 German.

Beccaria	1769-71	I	Neumann	1885	G
Verri	1771	I	Böhm-Bawerk	1888	G
Condillac	1776	F	Pantaleoni	1889	I
Say	1803	F	Philippowich	1893	G
Lauderdale	1804	E	Zuckerlandl	1893	G
Storch	1815	G	Hadley	1896	A
Schulze	1856	G	Pareto	1896 <sup>12</sup>	I
Glaser	1858	G	Hicks	1901	A
Menger	1871	G	Patten	1902	A
Schäffle	1873	G	Kleinwächter	1902	G
Wagner	1876	G	Fetter	1904	A
Conrad	1876 <sup>11</sup>	G	Seligman	1905	A
Schmidberger	1881	G	Schumpeter	1909	G
Schober	1882	G	Anderson	1911	A

The following are a few representative definitions of this type:

C. Beccaria (in *Scrittori Classici Italiani*, vol. 18, p. 339) said: "The quantity of anything which must be given for another fixes and is called its price." In the succeeding pages discussing value and price, money is not mentioned, and wine is called the price of the grain for which it is given and vice versa. He appears in these pages to use value always in the sense of the estimation of a thing, whereas price is the object given.

J. B. Say (in *Political Economy*, 1st ed., 1803; citations from the 3d American ed.):

<sup>11</sup> Approximate date of earliest edition (undated) of his *Grundriss* (6th ed., 1907) used by many American students.

<sup>12</sup> Published in French at Lausanne.

The valuation of an object is nothing more or less than the affirmation that it is in a certain degree of comparative estimation with some other specified object; and any other object possessed of value may serve as the point of comparison (p. 235).

The only fair criterion of the value of an object is the quantity of other commodities at large that can be readily obtained for it in exchange whenever the owner wishes to part with it; and this, in all commercial dealings, and in all money valuations, is called the current price (p. 236).

The price of an article is the quantity of money it may be worth; current price, the quantity it may be sure of obtaining at the particular place . . . money-price is selected for the purpose of illustration in preference to price in commodities at large, merely for greater simplicity; but the real and ultimate object of exchange is, not money, but commodities (p. 250).<sup>13</sup>

K. Menger (in *Grundsätze*, 1871): "Prices, or in other words, the quantities of goods appearing in exchange" (p. 172).

A. Wagner (in *Grundlegung*, 1st ed., 1876, ref. to 3d ed., 1892):

The price of a good is the quantity of other goods for which it actually is exchanged . . . a good can have as many prices as there are goods for which it is exchanged . . . the money price is only one price-form, the most usual. . . . The concept of price is to be formed so generally that every equivalent in exchange whether money or something else can be brought under it (p. 339).

A. T. Hadley (in *Economics*, 1896):

A price, in the broadest sense of the word, is the quantity of one thing which is exchanged for another (p. 70). A price in the commercial sense of the word, may be defined as the quantity of money for which the right to an article or a service is exchanged (p. 72).

F. C. Hicks (in *Lectures on the Theory of Economics*, 1901):

Value when measured is expressed in terms of the measure or unit of comparison, and this expression is price. Price, then, may be defined as value expressed in terms of a measure (p. 29). The price for the horse is 50 sheep. This is the value of the horse expressed in terms of the measure sheep (p. 33).

S. N. Patten (*The Theory of Prosperity*, 1902, p. 17):

Price is the quantity of one article which must be given in ex-

<sup>13</sup>These latter statements are taken to justify our classification of Say's definition. However, in his notes to Storch, *Cours d'Econ. Pol.* (1823) he says: "It is preferable usage to call exchangeable value the quantity of all other goods that are given in exchange for what one wishes to have; and price the quantity of money that is given for the same object" (vol. 1, p. 72). This would indicate that (perhaps through Ricardian influence) Say had gone over to a monetary exchange value concept of price.



change for another . . . The price of a loaf of bread is the quantity of meat, sugar, or other articles for which it exchanges.

E. R. A. Seligman (in *Principles of Economics*, 1905) gives two definitions on the same page.

When we measure a commodity in terms of some one other commodity, we speak of price. If the value of a cow is equal to that of five sheep, we say that the price of a cow is five sheep . . . by price we now mean the money value of anything—the amount of money for which it will exchange (p. 184).

#### V. Subjective-value monetary definitions; type B2.

Of this type we have 13 cases, none English, 7 American, 2 French, and 4 German.

Kudler	1845	G	Ely	1893	A
Stein	1858	G	Devine	1898	A
Maurus	1868	G	Schmoller	1904	G
Gide	1883	F	Kemmerer	1906	A
Guyot	1884	F	Blackmar	1907	A
Clark, J. B. <sup>14</sup>	1887	A	Johnson, A. S.	1909	A
Andrews	1888	A			

The following are examples of this type:

Joseph Kudler (Professor in the University of Vienna; *Die Grundlehren der Volkswirtschaft*, 1st ed., 1845; Vienna, 1856):

By price we mean the quantity of the general medium of exchange which is asked or bid for a good (p. 76). The value of a thing depends upon the recognition of its fitness for human purposes (p. 47).

C. Gide (*Principles of Pol. Econ.*, 1st ed. 1883; 1st Eng. ed., 1892):

The price of an object . . . is its value expressed in terms of money and as in every civilized country money is the only measure of values, the word "price" has become synonymous with the word "value" (p. 82). Value is desirability (p. 44).

E. B. Andrews (*Institutes of Economics*, copyright, 1888):

When of any article the value is expressed in terms of some other, that other may be called the "value-form" of such article. The most common value-form attached to goods is money, and the money value-form is price (p. 107).

R. T. Ely (*Outlines of Economics*, copyright, 1893; ed., 1901):

Price is the expression of value in terms of money (p. 125). Value is the capacity to excite desire (p. 125).

A. S. Johnson (*Introduction to Economics*, 1909):

Value expressed in terms of money is known in economics as price (p. 35). There are personal prices and social prices just as there

<sup>14</sup> In his *Philosophy of Wealth*, p. 82. No later definition by Clark discovered.



are personal and social values . . . Social price is called market price (p. 36).

VI. *Ratio-of-exchange monetary definitions; type C2.*

Group C contains six names, and as the first of these in point of time is that of Jevons, we shall in discussing Group C reverse the order followed heretofore, and begin with the monetary type. Three examples of this have been found:

Jevons	.....	1871	E
Ramnaud	.....	1895	F
Davenport	.....	1908	A

As students of Jevons will recall, he was not a courageous terminologist, and was prone to abandon an ambiguous term instead of clarifying it. He did this in the case of value and even thought of rejecting the term money because it had no universally accepted meaning. He declares in favor of substituting for "value" the term "ratio of exchange." He could do this without fully realizing the havoc this suggestion (if adopted generally) would make, for he was an ultra-Benthamite in his psychology, and had therefore transferred most of the content of the term value to the term utility (as noted below, p. 802). Of "value" he says:

Now if there is any fact certain about value, it is that it means not an object at all, but a quality, attribute, or rather a circumstance of an object. Value implies, in fact, a relation; but, if so, it cannot possibly be some other thing. (*Theory of Political Economy*, 1871, pp. 81-82.)

The same commodities in the same market can have only one ratio of exchange, which must therefore prevail between each body and each other (*idem*, p. 113).

Jevons nowhere, so far as I can find, formally defined price and the classification of him here is based on his use of the word in a few cases where it seems to mean a ratio of exchange expressed in money. His attention seemed directed upon the idea of a ratio implicit in the quantity of goods exchanged rather than upon the quantity of goods, and he did not speak of price as the other object given in exchange.

The initial influence of Jevons in this group of six definitions warrants some further examination of his conception. Save only Gunton (where the connection, however, seems probable), the other five cases of ratio definitions are traceable, in phrase and argument, to Jevons.

Jevons was very laudably seeking for a more scientific treatment of the fundamental principles through the application of mathematics to economics. He was, however, with his great general ability, but a crude psychologist judged by present standards and, as he confessed himself, not a very profound mathematician.

When he says (see above) that value "means not an object at all, but a quality," etc., he doubtless had in mind the loose statement, not infrequently made before his time and since, that in the case of two commodities each *is* the value (*i.e.*, purchasing power) of the other (for examples see below, p. 807). No, says Jevons, very justly, value is "a quality, attribute, or rather a circumstance of an object." So far, this seems to be a more correct psychological analysis than that made by Jevons' contemporaries. He then adds: "value *implies* [our italics] in fact a *relation*; but, if so, it cannot possibly be some other thing." This he seems to think is a proof that value *is* a relation, and he thereupon defines value as a *ratio of exchange*. But to say that a quality *implies* a relation is not the same as saying that it *is* a relation (or ratio in the mathematical sense). Height and weight are qualities of objects, and each implies some relation to these commensurable qualities in other objects, but neither the relation *per se* (whatever that might be) nor its mathematical expression in units of other commensurable concrete goods, can properly be called the quality itself. No more with the (exchange) value of which Jevons was speaking.

Now each of these writers in the small group C who has been lured by the hope of finding through mathematics a more scientific treatment of price, has made this shift. The hope is not only to dematerialize purchasing power by making it mean no longer the other thing, but to despiritualize it also, so that it remains nothing but a cold mathematical expression. All qualities cease to be, except in the mathematical aspect. The concept of the quality value becomes merely a mathematical expression.

The first clear evidence of Jevons' influence upon another author's definition appears twenty-five years later. Rambaud (*Elements*, etc., Paris, 1895), while seeming not quite to catch the nature of Jevons' dissent from the conventional view, repeats his language; and makes still more explicit the definition of price as the monetary expression of a ratio of exchange (*i.e.*, of value as he used it), but adds nothing to the argument.

Value viewed in the latter aspect (objective) is what Jevons calls "ratio of exchange" . . . Whenever this "ratio of exchange" is expressed in units of money (as is customary in all society, however little civilized) it takes the name of price (p. 256).

The only other author in our list who expresses adherence to the monetary ratio-concept of price is H. J. Davenport (in his *Value and Distribution*, 1908). He questions whether

Money may be regarded as a measure of value (p. 181). Market price fails in the requirement fundamental to the notion of measurement, namely that a measure must be quantitative and must measure things of quantity. But market value is neither a magnitude nor a quantity, but only a ratio (p. 184).

The author's thought is here of value in the older objective sense, though in general he gives a psychological treatment of value. In another passage occurring later, he faces the problem of terminology directly.

In German usage, *Preis* is the generic term for the good on either side of an exchange, in its function of *quid pro quo*. If the exchange relation is one of good against the money good, the money is called the *Geld-preis*. In English usage—as goes without saying—*price* has been limited to mean exchange power expressed in terms of money solely.<sup>15</sup> Thus while on the whole the German usage may well appear to be the more philosophical, it must remain true that popularly *price* means the money that a thing will sell for, and that some term for this money relation, this expression of exchange power in terms of a conventionally specialized money commodity, is imperatively called for (pp. 218-219).

A few things are worthy of comment here: the first is the author's impression as to the uniformity of English usage. According to our count, of 61 English and American writers, 26 give non-monetary and 35, monetary definitions.<sup>16</sup>

The second is the author's suggestion that what he has seen fit to call "the German usage" "may well appear to be the more philosophical." For what can that mean other than the more

<sup>15</sup> A similar but modified impression, possibly influenced by Davenport's statement, is that of B. M. Anderson (*Social Value*, 1911, p. 175): "In most English treatises on economics . . . price as a rule involves the idea of money." But Anderson himself uses price with the wider, non-monetary meaning.

<sup>16</sup> Details are as follows: Non-monetary, twelve English and five American writers, (total seventeen) in the A group; one English and six American (total seven) in the B group; and two American in the C group; Monetary, eleven English and fifteen American in the A group, no English and seven American in the B group, and one English and one American in the C group.

scientific? In matters of science a very strong presumption must hold against the less philosophical definition.

The third is the author's implication that if the definition is not limited (that is, exclusively) to the monetary expression, our language is left without any term for this money relation. On this, see further below.<sup>17</sup>

#### VII. *Ratio-of-exchange non-monetary definitions; type C1.*

We turn now to three examples in group C of the non-monetary type:

Ippoliti .....	1893	I
Gunton .....	1900	A
Fisher, I. ....	1908	A

Barone Francesco d'Ippoliti (professor of economics in Naples, *Corso d'Econ. Sociale*, Naples, 1893) somewhat eclectically says in words again recalling Jevons, but suggesting some influence from the "marginal utility" doctrine:

The relation between a useful thing and that which serves as its measure is called the price, which relation is one of value equal to another value. If the thing serving as a measure is money, then price will be the value expressed in money (p. 79). Value is a relation of equivalence between two economic quantities. It is a ratio, an equation (p. 74).

G. Gunton gives the following definition, a curious composite of older and newer ideas (*Outlines of Social Economics*, 1900):

Value and price are identical. Value and price are two names for the same thing. Both mean, simply, the ratio in which commodities including money, are exchanged for each other or for human service. . . . [J. S. Mill's distinction] is confusing and unnecessary. . . . In modern society where money is used, value and price are the same thing (p. 62).

Because of the plain statement of price as a ratio, this definition must be classed with group C; but it has only a superficial relationship with the other five definitions. The other five ratio definitions might be likened to seedling varieties of the subjective

<sup>17</sup> P. 812. Davenport's expressions on the subject of price occur somewhat incidentally in the discussion of other subjects; and should not be taken as his final judgment. It may be allowable to quote from a letter of recent date in which Davenport, referring to certain critical work, says with characteristic open-mindedness: [It] "convinces me . . . that there is a serious issue to be fought out as to the significance of the word price and its relation to value." Earlier he had expressed doubt as to the advantage of discussing the definition of price.

value doctrine; this is a branch from one of the seedlings grafted upon the old exchange value stock.

In Irving Fisher appears a writer with thorough mathematical training and at the same time with a very favorable attitude toward the subjective-value doctrine. In matters of definition, however, the mathematical interest leads Fisher to the extremest possible limit and plays havoc with the psychological concept of value, as appears in the text and later in the glossary of definitions (*Nature of Capital and Income*, 1906):

If either of the two quantities of wealth is divided by the other, the quotient is called the price of the latter. . . . In modern times one of the two articles is usually money, but this condition is not essential, and in primitive times was not even common (p. 11).

Price—a ratio of exchange (p. 335).

Money price—The quotient found by dividing the money exchanged for goods by the quantity of the goods themselves (p. 335).

The value of goods (wealth, property, services) is the product of their quantity multiplied by their price (p. 336).

It will be observed that Fisher defines not value (as did Jevons) but price, as a ratio of exchange, and shifts the word value over to a significance quite as unlike Jevons' concept, as it is unlike that of the orthodox or that of the Austrian school. Though he does not go back quite as far as does Gunton to the old identification of value and price, he leaves only a mathematical, non-qualitative distinction between them.

Another of the several remarkable things about these definitions of value and of price is the author's conscious disregard of all economic authority. Fisher does not, and evidently knows that he cannot, cite a single precedent in economic literature in support of his novel suggestion. But his appeal is to business usage as he interprets it to be. His statement is as follows:

The definition of value which has been given, applying as it does to an aggregate of wealth instead of the unit, departs somewhat from economic usage; but it follows closely the usage of business men and practical statisticians. Economists have not usually thought it necessary to distinguish between the purchasing power of the unit and the aggregate, but have employed the term "value" indiscriminately to both. . . . It seems preferable to conform our definitions of value and price as closely as possible to business usage, which instinctively and consistently applies the term "price" to the unit and value to the aggregate (p. 13).

Fisher here is comparing his concept of value with that of the

Ricardian-Mill school (purchasing-power), and not with the subjective concept. He says (pp. 14-15):

"Value" as here explained is not a subjective magnitude in the mind of man, but purely objective, as *money-value*, *wheat-value*. It has, of course, subjective causes, but these do not concern us yet.

It is apart from our main purpose to criticise in detail at this point this unique concept of value. This, however, may be said: that "value" is here turned to a use already filled. Any unit either of price or of quantity of goods, is arbitrary and must be always indicated either expressly or by implication, whenever a price is stated; as price in cents, ounces of bullion, per bushel, wagon-load, ton of grain, cotton, iron, etc. Conversely the term aggregate is an arbitrary one, and may be deemed a unit, if one please. Thus a bushel of wheat is but an aggregate of grains of wheat. Consequently the word price can be used without confusion either for the conventional unit or the aggregate of units, and nothing is gained by the innovation. On the other hand, the loss to terminology is great when the term value is taken from its subjective use in which it is indispensable, for thereby an understanding of the recent value-discussion is made hopeless. A demonstration of this is already at hand. Both this unit idea and this definition of price have been employed by A. A. Young ("Quarterly Journal of Economics," vol. XXV, pp. 409-428, May, 1911) with no hint that they lack the sanction of long and general usage. His criticism of the recent psychological treatment is made on the assumption that he is using "value" in the same sense as do the authors he is criticising.

This particular distinction has been sanctioned (not with entire consistency) by Landry (*Manuel d'Economie*, Paris, 1908) whose concept of value is, however, that of purchasing power, and whose definition is classified here as of the non-monetary exchange-value type (A1):

It would be preferable . . . to signify by "price" the value of a unit of a certain sort of goods: men do not speak of the price of a stock of goods . . . but of their value (pp. 492-493).

#### VIII. Historical survey; before Adam Smith.

Let us now essay to see these details in some perspective, and if possible to find, in what may at first appear to be but a succession of personal and arbitrary opinions, some trend and explanation. Let us begin with a glance at the tendencies of thought before

the end of the eighteenth century. The Latin *pretium* bequeathed some ambiguity to its derivative price. *Pretium* seems to have meant either a subjective or an objective fact, that is, sometimes an estimation or appreciation, and again a thing or sum of things given in exchange.<sup>18</sup>

This variety of meanings appears in Italian still in the eighteenth century, whether with historical continuity is not clear. The word *prezzo* appears to be used interchangeably with *valore*, in the meaning of estimation, in many places (not always), in the writings contained in the *Scrittori Classici Italiani*.

In German, only the meaning of the thing given is now expressed by *Preis*, and Neumann expressly warns against the ambiguity come down from the older usage, the "*beliebte Identifizierung von Preis und Pretium*,"<sup>19</sup> that is the use of *verum rei pretium* (price) in the sense of *vera rei aestimatio* (Wert).<sup>20</sup> The psychological implication of *pretium* still appears in the English words appreciate, depreciate, and their derivatives. The mediaeval term *justum pretium* was used, it would seem, in the sense of a correct, or right, sum to be given in exchange, measured by some moral standard, more or less vaguely in mind, the true worth, perhaps sometimes the true and abiding benefit. Mere *pretium*, however (not *justum*), when used in an objective sense, seems to have meant whatever was given in exchange for a thing, and it was a just price only when it coincided in amount with that called for, or warranted by, a moral estimate.

It would seem that as the problem of price began in the minds of men to be less an ethical and more a commercial one the concept of *just price* was first displaced by that of (subjective) value, as a standard with which actual prices were compared. The standard became the intensity of desire of bidders in a market. This change appears in all of the European languages. In Italian the change seems to have been comparatively late, yet in the eighteenth century in some Italian writings *prezzo* (the thing given) had come to be contrasted with *valore* used in the now current subjective sense of the estimation or, better, of the quality.

<sup>18</sup> Dr. H. Sewall, "The Theory of Value before Adam Smith," in *Publications of the American Economic Association*, 3d series, vol. II, pp. 542-4. Dr. Sewall thinks that the Romans had an idea of price as "value in exchange," but a very vague one.

<sup>19</sup> F. J. Neumann, in Schönberg's *Handbuch*, 1st ed., 1885, vol. I, p. 174.

<sup>20</sup> *Idem*, note, and p. 171.



esteemed. Thus our three pre-Smithian examples, Beccaria, Verri, and Condillac, reflect the best usage of their time, in Italian and French, by which price and value were contrasted as objective and subjective, as thing given and quality for which given, as concrete object and as the intangible thing, esteem.

*IX. Historical survey; objective-exchange-value definitions.*

Adam Smith, more than his contemporaries, approached the question of price with a distinctively commercial interest, to explain the cause of prices in a developed market. Price apparently was understood as the object (or service) or group of objects given in exchange. Smith attempted an analysis of "the component parts of price," and without any special thought of terminology, he connected price with a concept of value as purchasing power rather than as subjective (his use-value). "Price," he said, is "the real measure of this exchangeable value." The thing given in exchange being the measure of the purchasing power, was looked upon as nearly the same as the purchasing power. Smith thus heads our list of objective-value definitions which comprise 61 per cent of our collection.

Smith's definition was of the non-monetary variety, as are all ten of the definitions dating earlier than 1817. It is in Ricardo that we have found the first clear example of the monetary kind. Even he, as we have seen (above, p. 787), at first followed Smith's lead, then later definitively turned in another direction and made price mean the *monetary* expression of "exchange-value." Just then the fortunes of the monetary and the objective-value concept became intertwined in a large measure, not merely, it would seem, because of the potent example of Ricardo's usage, but because that example but spoke the logic of the situation. When one understands by value a personal estimate (or, more exactly, a quality in goods esteemed by a person) one sees much significance in the contrast of this value with the object given or received for it. But when one gives only the objective meaning, purchasing power, to value, and then, not being interested in subtle distinctions, comes to identify that purchasing power with the thing that can be gotten in exchange for it, value and price have become synonymous, and remain so until some other distinction can be suggested. At a time when the barter economy was everywhere in England being replaced more and more by the money economy,



Ricardo as a man of "the City" knew no prices excepting those expressed as money, and in the contrast between value as purchasing power in general, and money as the particular form, expression or measure, he easily saw a new ground of distinction. Thence arose a new variety of price-definition.<sup>21</sup>

The trend of opinion in this direction became at once marked. Of our 14 examples dating from 1817 to 1847, 8 are of the monetary variety, and but 6 are non-monetary: 13 are of the objective-value group, and but one (a German) is of the subjective-value group.

Then in 1848, J. S. Mill, in so many ways the fulfillment of Ricardo, clearly expressed his opinion, as preceding objective-value theorists had implied theirs, that the only distinction to be found between value (as he used it) and price was in the monetary character of the price expression. Between 1848 and 1870 outside of German lands Mill's choice swept nearly all before it. Everyone of the 12 non-German writers of that period in our list formulates his definition of price in connection with an objective-value concept (A group), and 11 of these are of the monetary variety (Bowen, the American, being the exception, 1870). Of the 7 German writers, 3 (Roscher, Umpfenbach and Mangoldt) recognize the subjective concept of value but formulate non-monetary price definitions (A1) in connection with the objective-value concept; 2 (Schulze and Glaser) formulate non-monetary subjective-value concepts (B1); and 2 (Stein and Maurus) formulate monetary subjective-value concepts (B2).

It may seem remarkable that so important a term as value could undergo the transfer, or transformation, of meaning above traced without leaving a noticeable gap in terminology. The explanation is hardly doubtful, and is not without interest. In its verbal use the word value underwent hardly any corresponding change, and still signified, in popular and scientific speech, to esteem, to attach importance, etc. But in its substantive use the word value was

<sup>21</sup> In the Washington discussion, Professor S. N. Patten pointed out that the character of the change from a barter to a money-economy was so striking in Ricardo's time that it would easily suggest new categories and the shifting of terms. See "Proceedings," *AMERICAN ECONOMIC REVIEW*, vol. II, No. 1, supp., p. 91. It seems most probable that eighteenth century writers had used the word price in this way, but Ricardo is the first clear-cut example our study has as yet revealed of the formal limitation of price to monetary terms.

from near the end of the eighteenth century, rapidly losing, at least in economic writings, all trace of the psychological quality of exciting desire, and was coming to mean purchasing-power, power-in-exchange (objective). At the same time the place of Adam Smith's mongrel phrase, use-value was, largely through the authority of Bentham, being taken by the word utility. In turn the word utility, in philosophical and economic discussion, was shorn in large part of its earlier and fundamental meaning of benefit (independent of desire). The full account of this change would be too long a story at this place, but this it was, I venture to suggest, that made it possible for Mill and others to quite miss the significance of the earlier distinction between value and price. This it was, too, which introduced into economic discussion new ambiguities and misunderstandings, which still, in the concept of marginal utility, persist to plague even the revived form of the subjective-value doctrine, whether it comes through Gossen, or Jevons, or Menger, or Clark, or any other. This change of terminology in English seems to have been only very incompletely made in German, where the root words *Wert* and *Nutzen* were not easy to confuse.

Group A includes nearly all of the economists that can be classified as of the Smith-Ricardo-Mill school. Altogether 60 per cent of our examples are of this group (23 per cent non-monetary and 37 per cent monetary). The non-monetary line begins with Smith and ends with the University of Chicago teachers, and the monetary line begins with Ricardo and ends with Taussig. Only a few are here who are not of the fairly strict orthodox school of theory, if by that be understood the adherents to the doctrines of the exceptional nature of the law of rent, of the produced-goods-concept of capital, of the cost-of-production theory of value, etc. (Among these exceptions may be noted Carey and his disciple E. P. Smith.) There are some writers, however, who have a strong leaning toward a more psychological concept of value and by affinity might be expected to adhere to the B group, but by habit of thought or force of precedent have so expressed themselves that they must be classified in the A group. Such in the period before 1870 appear to be Hufeland, Roscher, Umpfenbach, and Mangoldt. Such after 1870 are Devas (1892), Cannan (1897), and Lindsay (in Palgrave's *Dictionary*, 1899). It may be noted also that all of these seven favor the non-monetary type of definition,

and the three later ones all evidence the influence of the subjective value discussion.

Thus in the year 1870 the Mill-Ricardian economics was, outside of German lands, thoroughly in possession of the field. In Germany also it exercised a powerful influence, even in terminology, which crosses a *Sprach-grenze* with difficulty. For sixty-five years, from 1805 to 1870, the objective-value group of price definitions had a monopoly (so far as we have found) among English, American, French and Italian writers, while claiming also 5 of the 11 German writers.

*X. Historical survey; subjective-value definitions.*

With the year 1871, which saw the publication of the notable theoretical works of Menger and of Jevons, came a new impulse. To Menger's influence can be directly traced most of the definitions of group B in our list between 1871 and 1911; to the influence of Jevons is probably due the distinctive mark of all the definitions in group C; and the influence of Jevons combined to strengthen the Austrians' appeal for a psychological concept of value, however much his terminology differed from theirs. To these influences contributed likewise the awakened interest of American students in German scholarship. Such traces of German economic thought as have reached England in the past forty years seem to have filtered through the medium of American writings, as was genially and wittily expressed by Mr. Henry Higgs, a representative of the British Economic Society at the anniversary meeting of the American Economic Association in 1909. Though the writings of Wieser and Böhm-Bawerk owed their translation into English to the Scotch economist, Smart, they have seemed to make little impression upon British economists, while deeply affecting American thought.

The non-monetary (B1) type of price definition is most characteristic of the more thoroughgoing subjective-value theorists. First in the list is a little group of two Italian names and one French, Beccaria, Verri, and Condillac, not to be taken merely as three independent opinions, but representative of the prevailing conceptions before the Smith-Ricardian era. Then in 1803 and 1804, Say and Lauderdale, akin in their doctrines on a number of points, including their sympathy with a subjective treatment of value. Then from 1805 to 1870, only three examples of the non-monetary subjective-value concept—all German. Then with Men-

ger's notable restatement of the psychological doctrine, appear between 1871 and 1911 twenty examples, including his own, of the non-monetary type of price definition (B1), besides ten of the B2 type. Menger's influence was not because of his own brief verbal definition of price, but rather because of his revitalizing of the treatment of the fundamentals in economic theory.

The monetary variety of the subjective-value group (B2), of which there are thirteen examples, appears to have been produced by a process of hybridizing. All price definitions before 1845 were either of the non-monetary subjective-value type (B1) or of one of the two objective-value types (A). The first three cases of B2 occurred between 1845 and 1858, and were all German. This suggests that the writers with a subjective-value concept (most congenial to German thought) framed their definition of price by grafting upon it the monetary idea then become general in English economics. The cases of Schmoller, Kennerly, and A. S. Johnson are recent examples of the same tendency. All of the eight writers from Gide, in 1883, on (except Schmoller) have been largely influenced by the Austrian psychological treatment of value, Gide, Andrews, and Ely, being pioneers in their countries in this process of transplantation. At least six of the eight, however, retain strong evidences of a continuing Ricardian influence.

This group thus consists of writers who, while using words in defining price very similar to those used (*e.g.*) by J. S. Mill, have a very different psychological basis. They think of the value which is expressed as subjective not as purchasing power, and they must reject the reason assigned by J. S. Mill for adopting a monetary definition.

The place of Group C in the order of development has been made sufficiently evident in our preceding criticism of it. Jevons' well-meant effort, as students of economics know, was only accidentally terminological, and was primarily to find a sounder psychological explanation of price than that in the then current cost-of-production doctrine. The inspirational results of Jevons' work in this field are considerable, but his suggestion of a mathematical ratio-of-exchange concept seems to have been a turn into a blind lane. Jevons has found for his ratio concept of value and price not a single disciple among his own compatriots. The one French, one Italian, and three American writers who reflect his influence show individual variety and freshness of thought, but no evidence

of a price concept capable of further development. If freed from its initial confusion, this idea of Jevons' would probably lose its distinctive significance, and thereby these six definitions of price (C group) become classifiable with the other two groups.

*XI. Statistical survey and some critical comments.*

We may be helped to see the general trend by taking the statistical results of our study, without placing too much emphasis on an enumeration necessarily incomplete.

In the period before 1817 the A group shows 40 per cent of all definitions; between 1817 and 1847, 93 per cent (all but the one German); in 1848-1870, 79 per cent (the fall being due entirely to the larger proportion of German names in our list in this period); in 1871-1911, 51 per cent (the fall being due to the renaissance of the subjective concept everywhere but in England). Conversely, the B definitions constitute before 1817, 60 per cent of all, fall to 7 per cent between 1817 and 1847, and increase to 40 per cent in the period between 1871-1911 (the remaining 9 per cent being of the C group).

The correlation between the monetary and the objective value concepts since Ricardo's time appears in these figures: none of the A definitions were monetary before 1817; 1817-1847, 54 per cent of them were monetary; 1848-1870, 73 per cent; this falling to 66 per cent between 1871-1911 was because of the conflicting influences of this period as already described.

The B group was 100 per cent non-monetary until after 1848; (between 1848-1870, but one B definition appears, that being monetary); and between 1871-1911, was 66 per cent non-monetary, the fall being mostly due to the acceptance of the subjective-value concept by writers who in the main were otherwise Ricardian.

The C group which dates from 1871 on, is 50 per cent of each variety.

Thus in the past forty years while the A and B definitions appear in almost equal numbers, two thirds of the former are monetary, and two thirds of the latter are non-monetary. If all definitions be considered, there were 100 per cent non-monetary before Ricardo; this figure falling between 1817 and 1847 to 43 per cent, and after Mill and until 1870, to 32 per cent, and recovering between 1871-1911 to 49 per cent.

In all this history of price-definition there is evident an astound-

ing lack hitherto of any systematic study of the problem. The few conscious attempts at reformulation occur incidental to the discussion of other problems in which the writer's interest is absorbed. Doubtless some have given to their choice more of deliberation than is evident, but scarcely more than a half dozen seem to have considered the issues at all, either in their historical or in their logical bearings. Most of the definitions give evidence of a choice made by chance, by imitation, or by deference to authority. Those writers who depart somewhat from precedent seem in most cases to do so with entire naïveté, without a hint that their unusual definitions are anything but the universal one.

Amid such diversity of counsels who dare decide? Terminology is so essentially a matter for socialized decision, in which the individual judgment is not conclusive; in the end conclusive only is the general consensus of opinion of scholars as to the expediency in the choice of an aim and of the means of attaining it, as to the best usages and analogies of speech, and as to the logical consistency of the definition itself, in its parts and in its relations to a system of concepts. We have not the space here to restate further the general principles of terminology. This has been often and well done already. We shall, however, bear in mind those principles which may be assumed to be accepted.

The present writer confesses that these laborious researches have compelled a change in his own conviction—if the superficial consideration with which a price-definition has usually been chosen can be said to lead to a conviction worthy of the name. He finds that the problem itself does not seem to be inherently so difficult. He finds that it has been needlessly complicated with other questions, and he ventures to present some positive opinions in the hope that they may be found to contain a satisfactory solution of the problem.

### *XII. Definition without reference to value.*

Our first proposal looking toward a universal price-definition is that it should be formed without reference to the value-concept.<sup>22</sup>

"Value" it will readily be agreed, is a more ambiguous and

<sup>22</sup> This was advocated by A. A. Young and B. M. Anderson at the Washington discussion from standpoints differing as much from each other as from that of this paper. This illustrates the possibility of agreement on this proposal. See *Proceedings*, p. 91, in the *AMERICAN ECONOMIC REVIEW*, March, 1912, supp.

more subtle term than price. Yet a large proportion of the price definitions are framed in terms of value. Good definition should proceed from the known to the unknown, from the simple to the complex, but most price-definitions reverse this order.<sup>23</sup>

It is, however, possible even for the writers of the A2 group to frame a definition without explicit reference to value, *e. g.*: Coquelin et Guillaumin, Laughlin, De Foville, and Beauregard (see above, pp. 789-790). It might with some show of reason be suggested that logically viewed, these writers should be classified in a new group, for there is an essential distinction between a definition of price as the money (or quantity of money) itself,

<sup>23</sup> In the A2 definitions the (money) price is said to be the value of a commodity exchanged for money, by Courcelle-Seneuil, J. S. Mill (E); to measure the value, Metz-Noblat, Newcomb, Seager, Colson; to be value estimated, Marcet, Vethake, Leroy-Beaulieu, Prothero; to express value, Ricardo, Droz, Garnier, Boccardo (E), Cherbuliez, Hearn (E), Batbie, A. Walker, Cossa, Cauwès, Carey, Nazzani (E), Ford, Marshall (E), Perin, Bullock, Nicholson, Carver, Levasseur, J. F. Johnson (E); to be the notation of value, E. P. Smith; or value is said to be price when in terms of money, Carey, Bonar, Taussig (E).

But in many of the definitions of the A2 type the value is spoken of as the quantity of other goods in general given in exchange for the particular good, and with this is contrasted price, the quantity of money, as a species of value, *e.g.*: Senior, Vethake (in addition to the other expression above noted) Mill (E), Boccardo (E), Hearn (E), Nazzani (E), Macvane, Marshall (E), J. F. Johnson (E), Taussig (E).

The writers marked (E) are equivocal in that they say both that value (or sometimes it is price) is the quantity of commodities (or of money), and that the commodities (or the money) express value.

A very similar range of expression occurs with writers of the A1 type. Price is said to measure value, A. Smith (also value to be "estimated by the quantity"), McCulloch, Musgrave, Pesch (E), Landry; to express, Jakob, Roscher, Mangoldt, F. A. Walker, Houdard, Molinari, Devas, Pesch (E), University of Chicago; to denote, Torrens; to be a compared exchangeable value, Hufeland; to be value "ratified or made effectual," DeQuincy; to be value in relation to a selected commodity, Cairnes; to be realized exchange value, Umpfenbach; or is spoken of as the same as value, "price or exchangeable value," Ganih, McVickar. By others value is spoken of as the quantity of goods which exchanges for another good (again it is price which is spoken of in this manner, the usage which J. S. Mill sought to avoid; a clear case is presented by his father, J. Mill); Cannan (whose statement is: "The value of a commodity is always the quantity of some other commodity"), Pesch (equivocal though he distinguishes between this sense of price, "in the concrete," and the other "in the abstract"). Gide, whose value-definition is subjective, gives a flagrant example of the identifying of price and value (see above, p. 792).



and as the purchasing power (whether that be an abstract quality, or another concrete good) which the money merely expresses. Our reason for not making a separate group of these was doubt whether these writers had any conscious purpose of departing from the conventional conception held by other writers of the same doctrinal trend in nearly all respects. A juster interpretation seems to be that this omission was merely accidental, and that the complete expression of the thought of the writers would contain a reference to value after the manner of the following examples:

J. F. Johnson (1905): "Price is the amount of money a given commodity will exchange for. It expresses, therefore, the value of a commodity with respect to money" (p. 9).

F. W. Taussig (1911): "By the price of a commodity is signified the amount of money which it will command; in other words, its value in terms of the accepted medium of exchange" (vol. II, p. 117).

The first part of each of these two statements is a definition of price in concrete terms, and in this respect conforms to the desideratum we have suggested. The second part of Johnson's statement may be taken as *his* opinion regarding the relations of price to value, which one may reject while approving his price-definition; the second part of Taussig's statement is *his* alternative definition, which, however, might be rejected by one accepting the first part.

When we turn to the group of subjective-value writers the definition of price in concrete terms is much more frequent, indeed it comprises about one half of all the B group (nearly three fourths of those of the non-monetary type). A few have been tempted to involve the reference to (subjective) value with the terms of the price definition, among whom are Schäffle, Hicks, Kleinwächter, Devine, Seligman, A. S. Johnson, and the present writer. In these cases, however, presumably the statement if completed would have taken the form given it by Kleinwächter, who after defining price as the expression of exchange value<sup>24</sup> (*Lehrbuch der National Oekonomie*, 1902, p. 292) adds that to this an amendment must be made, for each of the two exchangers must deem the thing acquired more valuable than the thing given. No one holding consistently the subjective concept of value can

<sup>24</sup> Kleinwächter says exchange-value, but the context seems to justify the interpretation that it is the subjective valuation of the two parties to which he refers; he has therefore been classified with the B group.



frame a definition of price as a species of the genus value; for price as a concrete object must be contrasted (either expressly or impliedly) with a psychological estimate which only more or less roughly is reflected in the quantity and kind of that object.

It should be easy to gain agreement to the proposition that a definition of price should not involve a theory of price and of its relations to value; it should be, as far as possible, objective, and be expressed in terms of concrete experience. This, as our examples show, can be done without sacrifice of essential views and with gain in clearness by writers of all shades of opinion on value-doctrine and value-terminology. Let each, whatever be his opinions as to the component parts of price (Adam Smith's problem) or as to the way in which it and value are connected (the Austrian problem), withhold that opinion from his definition of price. Let us frame a definition of price in terms of the thing given in exchange, one of the most familiar, the most concrete, and the most simple facts in modern man's economic experience.

Something should be said here of still another modification of the price concept, by broadening it so as to include two species, personal prices and social prices. Some variety of this terminology has doubtless been employed pretty widely by teachers since the Austrian doctrine came into vogue; but it has rarely found its way into print. We have found but two clear-cut examples of it, the one by A. S. Johnson (above quoted):

There are personal and social prices just as there are personal and social values. . . . Social price is called market price.

The other example is by Kemmerer (*Money and Credit Instruments*, etc. 1st ed., 1906; 2d ed., 1909, p. 4):

Every commodity has a subjective price to the individual wanting it. In a money economy this price is the individual's subjective valuation of the commodity in terms of his subjective valuation of the money unit. S, for example, offers his horse to B for \$200. This price is purely subjective and does not of itself lead to an exchange, nor make any demand upon the circulating medium.

A few lines further the author quotes with approval a passage from Böhm-Bawerk in which he speaks of "subjective valuations" as the sole cause to which "the formation of price" is traceable. The impression given is that this subjective price *vs.* market price terminology is in accord with the Austrians' usage but this is surely not the case.<sup>25</sup> Throughout Böhm-Bawerk's treatment

<sup>25</sup> A casual examination of Wieser's use of price (*Natural Value*, pp. 39-

there is a pretty clear three-fold distinction maintained among *subjective valuations* (the original is *Wertschätzungen*) and *price*, the object or goods given, and *Wert*, the quality esteemed. Kemmerer follows a very general usage by identifying valuation and value, for he says (note, p. 4):

The words subjective value, and its derivative, subjective valuation, as used throughout this paper, refer to the quality or property of a commodity, of conditioning the gratification of want.

This use leaves a need in English terminology which he fills with the term "subjective-price" (attaching to it the monetary character); but subjective price is nothing other than (individual) valuation, or *Wertschätzung*. This may be expressed either in money or in any other good.<sup>26</sup>

66) might leave the impression that he held a price concept of the kind before us. First as to the monetary mark, for all his specific references to price are in monetary terms. In introducing his discussion (p. 39) Wieser expressly limits his inquiry:

"It is not our task here to deal either with price or with the forms of value depending on it." A few lines further, after indicating his main purpose he says: "*For this purpose* it will be sufficient to describe *that particular case* of the formation of price in which its peculiar principle can be most clearly discerned. This is at the same time the normal formation of price *under the organized division of labor*."

Another expression of Wieser's seems to come near to the phrase subjective price. In the table of contents the translator puts it "Price. Its connection with subjective use value. Taking its normal formation, we find buyers coming to market with a maximum price in their minds to which sellers try to drive them."

(I have not the German original, and such subtle differences as the one before us are often lost in the translation.) The text does not quite bear out this wording. It says (p. 40):

"A person . . . will not, however strong his desire, agree to pay any price that may be asked. There is a certain maximum at which he would rather withdraw from the market than raise his offer further. This maximum is determined by two valuations."

Nothing is said in the text of the buyers having a maximum price *in their minds*. The maximum price is spoken of as existing on the market, *at which* the buyers having *in their minds* valuations withdraw from the market. There does not appear any basis for the notion that Wieser had a price concept different from that of his master, Menger, or of his colleague and friend Böhm-Bawerk. It would require a direct disclaimer on his part to make such a view reasonable. But as Wieser gives no quotable definition, he is not included in our list of writers.

<sup>26</sup> The writer discovers an example among the exercises in his own text, the *Principles of Economics* (2d ed., 1910), p. 574, where the phrase "subjective minimum price" is used. He therefore must apply to himself the foregoing criticism upon others. It must be conceded that the popular usage of price as a bid, or offer, and again as an outside or maximum amount in an exchanger's mind, is very tempting.

The use of the term *personal prices* is one of those little departures of thought which shifts the term before one is aware into a different conceptual field. In the case before us both value and price become ambiguous (*i. e.*, the old meaning persists side by side with the new) and the vocabulary instead of being enriched, is impoverished by the change. Price cannot be defined at the same time both as an actual and an estimated quantity of goods, without changing its content essentially.

*XIII. Definition without reference to money.*

If the proposal set forth above should meet with acceptance there would remain but one issue to settle to attain a universal concept of price; the issue of the monetary *vs.* the non-monetary characteristic of the price material. Here may be greater difficulty. Our count of the definitions shows economists almost equally divided, after including with the non-monetary group a number who admit that at present price most often is expressed in terms of money, and after including with the monetary group a number who say that, in a régime or barter, price was formerly expressed in other goods (seeming to imply that so far as cases of barter occur now price may still be in other than monetary terms). These border-line opinions go far towards bridging the division. Most non-monetary terminologists see in the contrast between the psychological quality in any good sold, and the concrete good whatever it be for which it exchanges, a distinction important to maintain. Without satisfying this demand, no agreement on a price definition can be hoped for with the Austrian, the German, with a considerable number of the Italian and of the American writers, and possibly with a few of the English and of the French.

On the other hand it might seem that it would be hopeless to attempt to gain over the monetary terminologists to this view. The present adherents of the A2 and of the B2 type are alike impressed with the fact that in a very large proportion of the cases price is, in a monetary régime, expressed in terms of money; then why (think they) be concerned to make room within the concept of price for the insignificant number of cases in which some other good is given in exchange? One friend has suggested that such cases can be well-enough cared for by the term "purchasing power over" or by "value in terms of" (which carries us back to the difficulty already made clear, that the other good is not the

purchasing power, or the value). The logic of the contrast between value and price in modern psychological economics is not dependent on the number of concrete cases occurring. In Scandinavian lands probably not one time in many millions does the word man, when used, refer to other than a white man, but that is no reason for the Scandinavians narrowing the term man to exclude the black and yellow races. The word price has in practice a large number of possible applications to non-monetary goods, for barter is far from extinct, and in popular usage "the price he paid for it" includes almost everything capable of exchange. Economics should not cut itself off in even a small number of cases from popular usage, nor judge that usage solely by the developed money-market, *when this is not necessary to arrive at a logical concept.*

Other adherents of the monetary concept doubtless are appealed to by the argument as framed by Davenport, that "some term for this money relation, this expression of exchange power in terms of a conventionally specialized money commodity, is imperatively called for." But with the non-monetary concept there is no such void in our terminology as it is assumed would exist. The difficulty has no reality, for the reason that with both types of concept it is necessary to indicate in concrete terms *in every case* (expressly or by the context) the kind and quantity of goods comprising price. Monetary price must be in dollars and cents, marks and pfennigs, etc. No abstract quantitative expression of price has any meaning. The price is so many or so much—what? and for what measure? Wheat is so many cents per bushel, cloth so many pence per yard. The statement is not simplified or shortened in the least by limiting the definition of price to money. It is this necessary condition of indicating what monetary system or material is referred to that enables the adherent of the monetary definition to concede on grounds of expediency this point without any essential loss.

A greater difficulty is to gain the support of the theorists of the Ricardian-Mill school. Mill's view that the contrast between money and other goods constitutes the only distinction between price and value has left a deep impression on economic thought. But only the living economists need unite now in this decision and it is questionable whether anyone today can, after deliberation, approve the reason given by Mill. The psychological studies of

recent decades have so far entered into the general economic consciousness as to make it impossible longer to identify "the purchasing power" of a commodity with the other commodity (though the phrase may still be repeated). Those who prefer to take value primarily in its objective sense as power-in-exchange, must distinguish between the quality and the object which it purchases. And when this distinction is made by an objective-value theorist he is no longer any more bound than is a subjective-value theorist to maintain that the monetary character is essential to the price definition. Other choices lie open to him.

In practice, actual prices by the non-monetary definitions in most cases (and increasingly with the extension of the money-economy) are quoted in terms of money, but that does not necessitate framing the definitions in monetary terms, either on practical or on theoretical grounds. Every actual expression of prices, to be complete, must contain, express or implied, a specification of the "price-good." "General prices" must be in gold or in silver or in inconvertible paper, whatever has become the standard money of the time and place.

The definition of price at which we have arrived is: Price is the quantity of goods given or received in exchange for another good. We can hardly improve upon Menger's wording: "Prices are the quantities of goods appearing in exchange"; (though we might add) when viewed as payment for the goods against which they are exchanged.

It may seem to the reader that this paper has gone into needless detail and to needless length; but the writer must still regret that in hastily passing over the evidence available on minor matters, he may have left removable causes of misunderstanding. The history of this subject is so filled with examples of difficulties glossed over, that we can hardly err by proving "all things."

Our hope may be unrealized. The time may not yet have come when general agreement may be reached on an international definition of price and thus a beginning be made toward a system of scientific terminology. But this essay may at least serve to clear away some misunderstandings, make more evident the nature of the problem, and perhaps prepare the way for its solution.

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## TRANSPORTATION AND COMPETITION IN SOUTH AMERICAN MARKETS

The growth of American foreign trade, and the fact that the character of this trade is rapidly changing so as to include a much larger percentage of manufactured goods, has within the past five years strongly attracted the attention of students of export business to some of the secondary conditions by which such trade is directly affected. There has been an increasing amount of study of the terms upon which our exports are admitted to foreign markets. This was strikingly indicated during the discussion of the Payne-Aldrich tariff, with its provision for so-called maximum and minimum rates. Similar attention has been devoted to the commercial regulations, pure food legislation, and other similar enactments enforced by the nations with which our chief export business is carried on. Special effort has been made to secure the participation of American banking houses in foreign loans, particularly where such participation implies a subsequent sale of American goods to the countries in which the loan is placed. But, in all this discussion and among all the various topics relating to international competition to which attention has especially been directed, none, probably, has received more attention than that of transportation. At the same time, use has been made of this interest in foreign trade and in the conditions of transportation affecting it, to further so far as possible the ever present demand for ship subsidies and kindred subventions. In consequence of this use of the movement, there has been a considerable growth in the volume of unrelated and frequently false assertions by which the subject is surrounded. The lack of an American merchant marine has been constantly insisted upon as being in some way, not very clearly explained, the reason for an alleged lack of favorable conditions of transportation between the United States and foreign countries.

Coincident with the trend of opinion and agitation just referred to, there has been a growth of interest in the South American market. In many ways, this market offers a peculiarly favorable field for exploitation. It has large possibilities of expansion, and the trade of the United States with South America is already great, although one-sided. The dominating position of the United States in the Western Hemisphere has led many to the belief that we

might develop a commercial policy that would place us strongly in the lead as compared with other countries competing for the South American market. There has been an opinion in governmental as well as business circles that the countries to the south of us might, by diplomatic methods, be induced to give us preferential tariff rates and other advantages that we could hardly hope to get in Europe. Much nonsense about South American trade has been developed along with, in more recent times, some good sense and shrewd analysis of the different elements of the export problem. In this connection, special attention has been given to the fact that very few American vessels were engaged in the trade. Statesmen who have returned from journeys around South America have pointedly commented upon the fact that they seldom or never saw the American flag at the masthead of any vessel unless it were a ship of war or a chance yacht navigated at the whim of its owner through South or Central American waters. Taken with the partly natural and partly artificial interest in transportation as a factor in foreign trade already referred to, this close attention to the South American situation has developed a special cult having to do with the conditions of transportation between the United States and South American markets. So far has this cult been carried that, in nearly all of the ship-subsidy discussions of recent years, the last stronghold occupied by the advocates of such subsidies has been the alleged need of an American fleet in South American trade—this need being founded upon the asserted fact that our indifferent success in certain South American markets was largely, if not wholly, due to unfavorable conditions of transportation from this country to those markets.

Out of all this doubt emerges the clear question: Precisely how far does American success in trade with South America depend upon the conditions of transportation to her markets? In other words, how favorably or unfavorably is the American exporter placed in his effort to get into those markets upon terms of equality with his British, German, and other competitors? This question, of course, should be studied exclusively from the transportation point of view, if it be desired to secure a clear-cut reply. In the following discussion, it will, therefore, be assumed that transportation conditions are the only ones to be considered, tariffs, restrictive regulations of various kinds, and the like, being omitted. The inquiry will be devoted exclusively to the question



how far an American exporter having goods which may be assumed to be exactly equal in quality, price, and attractiveness to those of his foreign competitors can succeed in putting his wares into the hands of South American buyers under existing conditions of shipment.

## I

The first question to be considered in this connection will be the amount and character of the tonnage offering from American ports to those of South America. This may be dealt with first, because of the fact that it has been more discussed and disputed than any other element in the problem, because of the circumstance that it is apparently the phase of the subject upon which the most anxiety is by many persons expended, and because of the circumstance that vessel conditions, rates, etc., are less subject to control by governmental agencies than any other. All this makes the tonnage problem fundamental. It may be considered under three heads: (1) Adequacy of tonnage, (2) regularity of sailings, and (3) speed and promptness of delivery. There have been many assertions that at present the quantity of tonnage offering for trade with South America is entirely inadequate. Such assertions have been based upon the claim that vessels made triangular trips from European points to South America, thence to New York or other North American points, and so home. On their outward voyage, they would carry European manufactures; on the second leg of the trip they would carry South American products, such as coffee, to the United States; and on the return voyage they would load with American exports for Europe. These statements have been so frequently and so positively made that they are accepted by many as almost axiomatic. It must, however, be admitted that the best judges of the situation are those actually engaged in the trade and that the adequacy of the tonnage must be measured by the number and size of the vessels leaving the United States for direct voyages to South America. We may, therefore, first consider the testimony of merchants engaged in South American trade. On April 10, 1910, the following statement with reference to the adequacy of the tonnage available to South American points from the United States was prepared and signed by six American firms in New York most largely engaged in exporting to South America. The communication read as follows:<sup>1</sup>

<sup>1</sup> *Journal of Commerce and Commercial Bulletin New York City*, April 25, 1910.



A great deal has been published with reference to the trade between the United States and South America which is so misleading and erroneous that we venture to put before the public the actual facts with which we, as merchants engaged in trade between this country and the South American countries are intimately acquainted. At present there are five lines going direct to Brazil; the departures are regular, and a sufficient number of the vessels are quite as speedy as the trade will warrant. To the Argentine, seven lines are running with six to eight departures each month, and these furnish more than ample accommodations for the requirement of the trade. To both Brazil and Argentina the freight rates are below those available by our European competitors, and no cargo is shipped from this country via European ports to either Brazil or the Argentine. Northbound from both countries the freight asked to the United States is lower than to any other country . . . . .

Hard & Rand, 107 Wall St.

Crossmann & Sieleken, 90 Wall St.

G. Amsinck & Co., 7 Hanover St.

Gravenhorst & Co., 90 Wall St.

Thomsen & Co., 90 Wall St.

Allerton D. Hitch & Co., 80 South St.

These names speak for themselves. They are representative of some of the best as well as the largest concerns engaged in South American business. If their information on the subject to which they refer is not accurate, it would be hard to find any practical men of business who have such information. To this testimony, however, may fairly be added one or two other statements from authoritative sources with reference to the same question. President J. A. Farrell of the United States Steel Corporation, speaking before the Pan-American Commercial Congress at Washington, February, 1911, made the following remark:

The growth and development of trade and commerce between the United States and the countries of Latin America has now been increased to such proportions that there are frequent sailings between ports of the United States, on the Atlantic and Gulf coast, direct to the ports of Latin America on both the east and west coast.<sup>2</sup>

In a similar strain, Mr. J. F. Fowler, of W. R. Grace & Co., the well-known vessel owners, remarked:

I have been astonished to hear such frequent assertions that we lack steamship facilities to South America . . . . Any day of the business year will find thirty to forty steamers announced as loading, or about to load, for the whole range from the Amazon River down the east coast and around to the west coast of South America, and the

<sup>2</sup> *Proceedings of the Pan-American Commercial Conference, 1911*, p. 22.

freight rates are as low as and frequently much lower than those from Europe.<sup>3</sup>

This testimony may be supplemented by an actual statement of sailings from New York to South and Central American ports as follows:

April 29, 1910: *Prinz Sigismund* (M. & P.), Cartagena, etc.; *Capac*, Chile, Peru, etc.; *Queen Helena* (M.), Montevideo, etc.

April 30: *Atrato* (M. & P.), Colon, etc.; *Advance* (M. & P.), Colon, etc.; *Angus*, Montevideo, etc.; *Corrientes* (M.), Pernambuco, etc.; *Drumcondra* (M.), Montevideo, etc.; *Fenchurch* (M.), Montevideo, etc.; *Maracaibo* (M. & P.), La Guaira, etc.; *Newton Hall*, Chile, Peru, etc.; *Siberia* (M. & P.), Colon, etc.

May 2: *Oruba* (M. & P.), Colon, etc.; *Marozijne* (M.), Paramaribo, etc.

May 3: *Wintringham* (M.), Montevideo, etc.

May 5: *Byron* (M. & P.), Rio Janeiro, etc.; *Almirante* (M. & P.), Colombia, etc.; *Altai* (M. & P.), Cartagena, etc.; *Clement* (M. & P.), Para, etc.

May 6: *Panama* (M. & P.), Colon; *P. der Nederl'n* (M. & P.), Paramaribo, etc.; *Zulia* (M. & P.), La Guaira, etc.

May 7: *Hyades* (M.), Montevideo, etc.; *P. Aug. Wil.* (M. & P.), Porto Colombia, etc.; *Philadelphia* (M. & P.), La Guaira, etc.

May 10: *Desterro* (M. & P.), Pernambuco, etc.

May 13: *P. Eitel Friedrich* (M. & P.), Colombia, etc.

May 14: *Rio Janeiro* (M. & P.), Pernambuco, etc.; *Tagus* (M. & P.), Colon, etc.

May 15: *Melderskin*, Chile, Peru, etc.; *Cuthbert* (M. & P.), Para, etc.; *Drumlanrig* (M.), Montevideo, etc.; *Gloria de Larrinaga* (M.), Montevideo, etc.; *Francis* (M. & P.), Para, etc.

May 18: *Galicia* (M. & P.), Pernambuco, etc.

May 19: *Metapan* (M. & P.), Porto Colombia, etc.; *Horatius* (M.), Montevideo, etc.

May 20: *Vasari* (M. & P.), Rio Janeiro, etc.; *Black Prince* (M. & P.), Pernambuco, etc.

May 21: *Caracas* (M. & P.), La Guaira, etc.

May 25: *Eastern Prince* (M.), Pernambuco, etc.; *Chipana*, Chile, Peru, etc.

May 26: *P. di Piemonte* (P.), Buenos Ayres, etc.

May 27: *Tocantins* (M.), Pernambuco, etc.

May 28: *Oruba* (M. & P.), Colon, etc.

May 30: *Redhill* (M.), Montevideo, etc.; *Dochra* (M.), Montevideo, etc.

May 31: *Portreath* (M.), Montevideo, etc.

June 3: *Tennyson* (M. & P.), Rio Janeiro, etc.

June 5: *Cearense* (M.), Para, etc.

June 11: *Trent* (M. & P.), Colon, etc.

<sup>3</sup> *Ibid.*, p. 182.

June 14: *Minas Gereas* (M. & P.), Pernambuco, etc.

June 15: *Francis* (M. & P.), Para, etc.

June 25: *Purus* (M.), Pernambuco, etc.

June 30: *Foxton Hall*, Chile, Peru, etc.

Barber and Co. of New York City give the following as a representative month's sailing in 1911 to the Argentine alone:

		Registered Tonnage	Estimated Tons Cargo
Dec.	1	Alton . . . . .	3536 5500
	3	Storstad . . . . .	5978 12594
	4	Drumeldrie . . . . .	4630 8087
	6	Tintoretto . . . . .	4181 7500
	6	Coniston Water . . . . .	3738 6200
	14	Chinese Prince . . . . .	4834 5985
	15	Kathleen . . . . .	3908 7000
	15	Drumeliff . . . . .	4072 7480
	17	Foxton Hall . . . . .	4247 2149
	18	Pilar de Larrinaga . . . . .	4136 7630
	18	Ikala . . . . .	4322 7800
	19	Voltaire . . . . .	8406 7300
	21	Herminius . . . . .	3548 5600
	24	Thode Fagelund . . . . .	4352 6535
	24	Aymeric . . . . .	4363 7023

## II

Granting that the amount of tonnage offering from New York to South American ports and back again is considered adequate by those who are engaged in the business, and should therefore be satisfactory to others, so far as its mere amount is concerned, a second question may be raised. This is: Are the rates between New York and other American ports and South America sufficiently low to be reasonable; and are they charged in an equitable and legitimate manner? In answering this question it will be assumed that a "reasonably low" rate is a rate that corresponds to the general or average rate obtaining between South American ports and export points which are situated somewhat similarly, as to distance, etc., to those of the United States. Attention may first be given to the general level of rates and their reasonableness. The following statement showing comparative freight rates from various European and American points to Pernambuco and Rio de Janeiro, Brazil, prepared by Mr. Allerton D. Hitch of New York (a large exporter), from data personally compiled by him, exhibits the comparative position of shippers at those ports with

reference to certain important commodities which constitute a large percentage of Brazilian import business.

FREIGHT RATES TO PERNAMBUCO. PREPAID, INCLUDING LIGHTERAGE, AT DESTINATION. [May 19, 1910.]

	Trieste	Hamburg	Liverpool	New York	Lighterage
Flour in barrels, freight per 215 pounds.	\$0.7137	\$0.6435	\$0.5854	\$0.4640	40 cents and 6.4 cents lighterage.
Flour in sacks, freight per 98 pounds.	.3253	.2693	.2670	.2070	17.5 cents and 3.2 cents lighterage.
Kerosene in cases, freight per case (10 gallons).		.4272	.3887	.1680	13 cents and 3.8 cents lighterage.
Cement in barrels, freight per ton (2,240 pounds).		6.2360		4.89	\$4 and 89 cents lighterage.
Barbed wire in reels, freight per ton (2,240 pounds).		5.3030		5.00	Lighterage included.
Rosin in barrels, freight per 280 pounds.			1.3725	.6350	47.5 cents and 16 cents lighterage.
Hardware and sundries, freight per cubic foot.		.34		.24	Lighterage included.
Turpentine in cases, freight per case (10 gallons).			.5614	.50	Do.

FREIGHT RATES TO RIO DE JANEIRO. PREPAID, INCLUDING LIGHTERAGE AT DESTINATION. [May 19, 1910.]

	Hamburg	Liverpool	New York	Lighterage
Flour in barrels, freight per 215 pounds.		\$0.7025	\$0.544	40 cents and 14.4 cents lighterage.
Flour in sacks, freight per 98 pounds.		.3204	.247	17.5 cents and 7.2 cents lighterage.
Kerosene in cases, freight per case 10 gallons.	\$0.4758	.4319	.204	14 cents and 6.4 cents lighterage.
Cement in barrels, freight per 2,240 pounds.	6.298		5.44	\$4 and \$1.44 lighterage.
Rosin in barrels, freight per 280 pounds.		1.5250	.619	47.5 cents and 14.4 cents lighterage.
Sundries, freight per cubic foot.	.374		.24	Lighterage included.
Barbed wire in reels, freight per 2,240 pounds.	6.034		5.00	Do.
Turpentine in cases, freight per case 10 gallons.		.6046	.50	Do.

From this statement it is seen that at the date when the computation was made (and conditions are now substantially similar relatively speaking to what they were at that time, although the general level of all freights is much higher), New York exporters were in a more favorable position than those at Trieste, Hamburg or Liverpool, with respect to flour, kerosene, cement, barbed wire, rosin, hardware, and turpentine, in the trade with Pernambuco. In the trade with Rio de Janeiro, the New York exporters were better off as to flour, kerosene, cement, rosin, sundries, barbed wire, and turpentine. These rates represent substantially the

general condition of affairs in trade with South America. The simple fact in the case is that, owing to the large demand of the United States for South American products and the considerable quantity of direct tonnage needed to convey such goods from South American ports to the United States, it is possible to make a very reasonable return rate or export rate on goods going from the United States to the South American ports. Not only are the existing rates thus low as compared with those charged from European export points to South America but they are also low absolutely. The testimony both of those engaged in the carrying trade between the United States and South America, and of men shipping goods in that trade, is on this point identical, and is to the effect that the rates between the United States and South America have at many times during the past few years been as low as they could practically go if the vessels were to continue in business. The uniform testimony of exporters and shippers furnished to the congressional committee investigating the charges of improper influence in behalf of subsidies in Congress<sup>4</sup> was to the effect that freight rates lower than then existed would drive many vessels out of business, that there was an enormous amount of tonnage offering to South American ports, that the amount of freight available to occupy this tonnage was almost always inadequate, and that nothing more in the way of reasonable freight rates could be desired by shippers if they desired to see the steamship business maintained upon a living basis. Since that time there has been a large advance in rates but relative conditions have not changed.

The other side of the freight rate question—whether or not preferences and rebates are allowed by vessels engaged in the South American business in order to develop the trade of certain concerns—has also received a good deal of attention. It is admitted that there exists between various steamship lines and shippers a standard agreement whereby a rebate of 10 per cent on coffee shipments is to be made by such lines to firms or individuals who for a complete period of twelve months have continuously shipped their consignments by the same line or lines. It is also conceded that this contract or rebate system is open on the same terms to all shippers who desire to take advantage of it and merely operates as a general reduced rate affecting all shippers equally, provided

<sup>4</sup> *H. R. Report*, No. 2297, 61 Cong., 3 Sess., pp. 664, etc.

they live up to the same terms and conditions. A copy of the form of agreement in force two years ago and substantially representing the conditions at the present time is given in a note below:<sup>2</sup>

<sup>2</sup> *Memorandum of agreement between Messrs. ———— (hereinafter called the "Shippers"), and the Royal Mail Steam Packet Company, Hamburg Sudamerikanische Dampfschiffahrts-Gesellschaft, Hamburg-Amerika Linie, Norddeutscher Lloyd, Lamport & Holt, Prince Line (Ld.), (hereinafter called the "Lines"), whereby it is agreed as follows:*

1. That subject to the conditions hereinafter expressed the Lines will pay a rebate of 10 per cent on the freight on coffee shipped from Rio de Janeiro and Victoria by their respective steamers to the ports of Antwerp, Amsterdam, Rotterdam, Copenhagen, and the Rivers Weser and Elbe, and to ports in the United States of America, during the year beginning 1st September, 1909, and ending 31st August, 1910, and thereafter year by year until further notice.

The rebate to be paid to the shippers will be computed every twelve months say, up to 31st August in each year, and be payable three months afterwards, but only if they have confined their shipments to Antwerp, Amsterdam, Rotterdam, Copenhagen, and the Rivers Weser and Elbe and Copenhagen, and to ports in the United States, to the Lines.

No rebate will be paid on sample lots nor on additional freight charged for delivery at post-terminal destinations of goods shipped on through or optional bills of lading.

A statement of rebate claim must be made on a form as annexed and presented within three months after the 31st August to the agents of the line which has carried the shipments in respect of which the rebate is claimed.

2. That the freight to Europe shall not be more than five shillings sterling and five per cent primage per ton in excess of that at which coffee can be shipped and actually received at the time in question by outside steamers, with a minimum rate of twenty-five shillings and five per cent primage.

3. That the rate to the United States shall not be more than 10 cents and 5 per cent primage per bag in excess of that at which coffee can be shipped and actually received at the time in question by outside steamers, with a minimum rate of thirty cents and five per cent primage.

4. That no exporter shall be allowed more favorable conditions than another.

5. That fourteen days' notice will be given of any increase in the rate of freight, and the tonnage required by the shippers will be supplied at the lower rate at the time notice is given to the extent of tonnage available by the ships of the Lines loading within fourteen days from the date of notice.

6. In case the Lines fail to supply the available tonnage required at the above rates of freight by their own or chartered steamers within a reasonable time, say fourteen days from the date of request, or if their current rate be not in accordance with what is stipulated in clauses 2 and 3 of this agreement, the shipper shall be at liberty to charter or ship in an outside vessel or vessels, or a part or parts thereof, without prejudice to their right to rebate under this agreement. In case of the shippers deciding to charter outside tonnage upon the grounds that the rate of freight charged by the Lines be

Beyond this general 10 per cent reduction in freight rates based on continuous patronage of a single line, it does not appear that there is any preference or discrimination between shippers. All those who have been examined before congressional committees within recent years have positively asserted that they had no complaint of the sort to make, but that, on the contrary, the rates were uniform so far as they were aware. The same testimony has been given under oath by representatives of all of the principal steamship lines operating between this country and South America, and no evidence of any kind or description has ever been produced to establish the contrary. That there are variations in rates from time to time, both upward and downward, and that there is occasionally more or less competitive underbidding is generally admitted. But, in none of the investigations held within the past few

at any particular time more than 5/ and 5 per cent per ton and 10 cents and 5 per cent per bag, respectively, in excess of the rates of freight at which coffee could be shipped in quantity at the time, quoted by outside steamers, then the shippers shall produce to the agents of the Lines in Brazil, at the time of such outside chartering, evidence as to the latter rate of freight. It is understood and agreed that the shippers will not offer, directly or indirectly, any chartered tonnage of theirs to other shippers at a lower rate of freight than their own charter rate.

7. Until further notice any shipments by steamers of the National Brazilian Line, under the Brazilian flag, to the United States, and of the Koninklijke Hollandsche Lloyd to Amsterdam, at not under the rates of freight and conditions of the Lines will not prejudice the shippers' claims to rebate.

8. All disputes arising upon this agreement shall be referred to arbitration in London under the terms of the Arbitration Act, 1889. In any such arbitration all protests, certificates of brokers, surveys and other mercantile documents shall be admitted in evidence for what they are worth.

Dated ———, 1909.

CLAIM FOR REBATE.

RIO DE JANEIRO, VICTORIA, 31st August, 1910.

Messrs. ———

We beg to give below a list of the shipments of coffee we have made by the steamers of your line from 1st September, 1909, until 31st August, 1910, on the freight on which we are entitled to a rebate of — per cent, in accordance with the memorandum of agreement signed by us.

We hereby declare that during the period named above we have not been interested, directly or indirectly, either as principals or agents, in other shipments of coffee from Rio de Janeiro or Victoria to the ports of Antwerp, Amsterdam, Rotterdam, Copenhagen and the rivers Weser and Elbe or to ports in the United States of America, by any steamers other than those of



years by members of the House of Representatives, has there been even a colorable case presented in behalf of the claim that discriminating rates designed to favor foreign countries, or to favor American agencies of foreign firms, or to favor one set of American firms above another actually existed. So far as can be ascertained, therefore, it may be taken as satisfactorily established that rates to South America and from South American ports to the United States are upon a satisfactory basis in so far as the absence of discriminations and preferences can make them so.

In connection with this question of rebates it seems proper to call attention to the fact that proceedings are now pending in the United States District Court for the Southern District of New York, in which the United States appears as petitioner against the Prince line, the Hamburg-Amerikanische Packetfahrt Aktien-Gesellschaft, and the Hamburg-Südamerikanische Dampfschiff-fahrts-Gesellschaft and others. These lines connect New York with Brazilian ports and New Orleans with the same, while the Hamburg lines connect New York with Brazil and German ports with Brazil. The petition filed by Henry A. Wise, United States Attorney for the Southern District of New York, on behalf of the government, asserts the existence of a traffic agreement between

The Royal Mail Steam Packet Company, The Hamburg Sudamerikanische Dampfschiffahrts-Gesellschaft, the Hamburg-Amerika Linie, the Nord-deutscher Lloyd, Messrs. Lamport & Holt, or the Prince Line (Ltd.).

(Signature must be that of the firm or of a person duly authorized to sign for the firm.)

(Signature of shippers:) \_\_\_\_\_

(Address:) \_\_\_\_\_

This claim will be valid only if presented within three months from this date.

N. B.—These particulars must accord with the bills of lading of the shipments.

Date of shipment	Steamer	Destination	Marks	Freight, including primage	Per cent rebate

Shipments at not under conference rates of freight and conditions, to the United States of America by steamers of the National Brazilian Line, under the Brazilian flag, and to Amsterdam by steamers of the Koninklijke Nederlandsche Lloyd, will not invalidate claims for rebate.

the concerns named, wherein the government charges are found covenants for the following purposes:

(a) For fixing the total number of sailings and apportioning them among the said lines;

(b) For the withdrawal of the steamships of the Hamburg Lines then engaged in the traffic from Brazilian ports to the port of New Orleans and that the defendant proprietors of the Lamport & Holt Line should conduct all such traffic;

(c) For a system of rebates to shippers who confined their shipments to the lines of the defendants and lines which any of the defendants might be in combination;

(d) For tariff of rates for the carriage of freight in the trade and commerce aforesaid and be adhered to by each of the lines.

This pooling agreement was terminated in 1908 but another of similar character is alleged to be in existence at the present time.

Moreover, it is asserted in the petition referred to that the steamship lines:

Established schedules of dates for the sailings of the vessels of said lines, whereby dates have been arbitrarily fixed upon which the vessels of each of said lines should be permitted to sail to the United States from Brazil and from Brazil to the United States, and after such conferences the action there taken has been communicated to each, all and every one of the defendants; and said defendants and all of them have thereafter so conducted their respective business and affairs as to conform to and carry into operation the plans and schemes adopted at such conferences, and said defendant proprietors and their representatives have at said conferences used divers other means in futherance of said combination and conspiracy.

It will be observed that the two principal points made in this bill of complaint are: (1) An agreement between the lines as to the distribution of sailings in regard to time; and (2) the establishment of a rebate or bonus system in favor of those who send all their freight over these lines. The companies have never contended that there was no arrangement among them as to the distribution of sailings, that being necessary as a matter of trade practice in order to secure an even distribution of tonnage and freight, and being in no way necessarily an evil to the shipper but in many respects a decided benefit. As for the rebate system, no secret has ever been made with respect to that, but every shipper has been informed that rebates upon the terms already sketched above were open to him. This subject has been dealt with in the foregoing discussion. The rebates, as already stated, have involved no discrimination between shippers. The government has not yet

proved its case against the steamship companies, but even if it had fully done so, it does not appear that there would be anything therein to show either the charging of excessive rates or the application of unreasonable or improper treatment to the goods of shippers. That shippers do not feel that they have been improperly treated in any of these respects is shown by the evidence already cited with reference to their expressions of opinion regarding the conditions of transportation between the United States and South American ports, and by much more to the same purpose easily accessible to any one who chooses to investigate further. It is undoubtedly the feeling of shipping interests, that the government's suit is chiefly intended to show vigor in the enforcement of the Sherman anti-trust law, and is primarily technical rather than founded upon any actual developments in regard to the infliction of hardship upon shippers of American goods. It need not, therefore, so far as any evidence now available is concerned, be considered to have a very direct bearing upon the questions considered in the current discussion of the transportation question in its relation to South American trade.

### III

A third problem relating to the trade between the United States and South America has to do with the question of directness and speed of communication. Two current assertions are afloat with respect to the South American situation: (1) That much mail and passenger traffic is obliged to go by way of Europe; and (2) that that portion of the business which is carried direct between North and South American ports is subject to lengthy delays which interfere seriously with business and which place the merchant engaged in the export trade at a very serious disadvantage. This also is a question of fact which can be settled by stating the exact conditions obtaining in the business and the attitude of those dependent upon steamship communication toward existing arrangements. The belief that it is necessary to go to Europe in order to obtain a satisfactory passage for South America, or that under ordinary circumstances it is desirable or customary to send mail via Europe, may as well be laid aside. The facts in the case show that the most important business letters are now sent direct to South American points from New York. As one of the largest firms doing business with Brazil told the committee of the House of Representatives investigating ship subsidies in 1911:

We write by the direct steamers . . . . and only write by way of Europe to send duplicates; or, in case it so happens that we want to get something off just after . . . . some . . . . direct steamer has sailed. That, however, is very seldom. . . . It takes about six or seven days longer to get to Rio and Pernambuco where our principal business is . . . .

While it is admitted that in case an intending traveler should take one of the fastest steamers from the United States to Europe and should successfully make a close connection with a fast steamer for a South American point, quicker time could be made than by taking a direct steamer from the United States to the same South American point, this would be true only under very exceptional circumstances, so that as a matter of fact the great majority of the passengers bound for ports in Brazil and the Argentine now go direct. While, moreover, it is admitted that the steamships plying between New York and South American ports are far from being as good as the best of those between the United States and Europe, and are probably inferior to the best of those plying between South American and European points, they are pronounced entirely satisfactory by those who have been in the habit of using them and who have also had experience with the other vessels referred to. About 21 days are now required under favorable conditions for the delivery of a letter from Buenos Ayres to New York and vice versa, while from 27 to 31 days are necessary in case the letter is mailed via Europe. The best of the steamers running between New York and Brazilian points make from 14 to 16 knots per hour on the average—on the whole an adequate speed considering the volume of traffic, and one which satisfies the postal requirements of the United States government. Abundance of testimony on all these points is now available, and every statement just made can be fully substantiated by the repeated testimony of the exporters, importers, and travelers who are engaged in business operations involving the United States and practically every one of the South American countries. To review it would be a tiresome iteration of the same facts in slightly differing language. It is a remarkable but unquestionable circumstance that so simple and familiar a condition of affairs should require the presentation of extensive sworn testimony. That such testimony has been offered, that it has been presented by responsible men of unquestionable authority and standing in the export trade of the United States, and that it is now available to anyone who cares to investi-

gate the subject in absolutely authentic and unimpeachable form are all matters of record. The fact, whether agreeable or the reverse, should be accepted as such by those who are interested in the study of the practical conditions affecting the transportation of goods and passengers between the United States and South America. The truth is that faster time can be made between the United States and South American ports by the direct route than by any route via Europe, and that the accommodations, while not the finest known upon the ocean, are of a satisfactory type and as good as those provided for an equal volume of traffic in other parts of the world. It should be noted, moreover, that very excessive emphasis has been laid upon the question of letter communication between North and South America. All urgent orders, under the present reduced scale of charges, are transmitted by cable, and on important matters there is little disposition to rely upon the mails whether fast or slow, except for the purpose of conveying advices for whose delivery time is not a very important factor.

#### IV

Attention may now be given to the relation between railroad rates and the delivery of commodities. It is an obvious fact that where commodities originate in the interior of the United States or of some competing country an important element in the cost of delivering them at an interior South American point may be the rail rate to points of shipment. If, therefore, discrimination is allowed in favor of export goods, it may be possible for countries sending such goods abroad to give to their exporters an advantage in a competitive market as compared with American exporters entering the same market upon otherwise equal terms. The whole question in such cases is whether the low rail rate accorded by the country which is most to be feared by our exporters is lower than the corresponding rate which must be paid by our own exporters situated in the interior.

The two countries which we have found most active in their competition with us in South American markets are Germany and Great Britain. Rail rates in Great Britain are considerably less important as a factor in export costs than are corresponding rates in Germany. This is partly because many of England's chief manufacturing export centers are close to the seacoast, if not directly situated thereon. Germany must, therefore, be taken as

the country whose discriminations and preferences should be most anxiously regarded by American shippers. There is a well-developed policy in favor of low export rates over German railways. Exactly how this operates and the extent to which it is carried may be exemplified in the following brief table compiled by the American consulate general at Berlin and published in the report of the National Waterways Commission.

EXPORT RATES PER TON (2,204.6 POUNDS), ON SEVERAL CLASSES OF GOODS ON GERMAN RAILWAYS, IN CARLOAD LOTS OF 10 TONS.

From	To	Distance miles	Class of goods	Export rate dollars	Normal rate dollars
Cologne	Hamburg	267.2	Copper goods, lead in blocks; tubes	3.14	6.38
"	"	267.2	Zinc in sheets, etc.	3.17	4.86
"	"	267.2	Cotton goods	3.64	6.38
"	"	267.2	Machinery and machine parts; ironwares	2.52	4.86
"	"	267.2	Iron plates, locomotives, etc.	1.33	3.83
Frankfurt	"	330.6	Machines and ironwares	3.07	6.00
"	Bremen	285.2	"	2.69	5.21
"	Lubeck	358.5	"	3.31	6.47
"	Hamburg	330.6	Iron products, such as beams etc.	1.67	4.71
"	Bremen	285.2	"	1.45	4.12
"	Lubeck	358.5	"	1.79	5.09
Nuremberg	Hamburg	394.6	Thuringian wares, toys, etc.	5.83	9.33
"	Bremen	362.3	"	5.45	8.60
"	Lubeck	405.1	"	6.02	9.64

The same subject has been investigated by the British consul general at Frankfurt in a report on "Specially reduced rates on through tariffs for export." From that document it is found that:

Special and very considerable facilities are offered for goods consigned on German railways to German ports for export, which are carried on a further reduced scale styled "export tariff," which represents a very considerable reduction upon Tariffs I, II, and III referred to. In some cases similar export tariffs operate when the destination is not a German port, as, for instance, when it is intended to assist the sale of a German commodity in competition with a foreign product, such as the carriage of coal to Switzerland and France. The greatest benefit, however, is offered by the through tariff to a number of foreign markets—carriage by rail plus ocean transportation—*viz.*, the German Levant tariff via Hamburg or by the Atlas Line via Bremen; the Southern German Levant tariff via Trieste; and the German East African tariff via Hamburg. These rates not only enable the manufacturer to ship more cheaply than if compelled to send by rail to port, and from port by regular or stray opportunity, with the uncertain charges for transportation from rail to boat, which are included in the through tariffs, but it greatly facilitates his calcu-

lations in offering goods abroad when orders may be gained by promptness in making quotations.<sup>6</sup>

While in the United States very low export rates have been made by American railroads from time to time, the system has not reached the extensive development that has been given to it in

\*The following is an example of the rates charged under the different tariffs; iron rails being taken in two quantities, and Frankfurt being taken as the point of departure; the distance from Frankfurt to Hamburg is 311 miles, and the rates given are per 100 miles (220 pounds):

Quantities in metric tons.	Hamburg		Hamburg seaport in transit		Through tariffs total freight	
	At port	In transit	For European non-German port	For non-European port	Frankfurt to Constantinople	Frankfurt to Durban
5 to 10	Cents 66.2	Cents 66.2	Cents	Cents	Cents 50.9	Cents 96.5
10 or more.	47.1	37.8	37.8	23.3	49.0	94.7

As a further instance, the following figures are given for the carriage of the same goods from Königsberg to Hamburg (524 miles):

Quantities in metric tons	Hamburg		Through tariffs	
	At port	In transit	Königsberg to Constantinople	Königsberg to Durban
5 to 10	\$1.033	\$1.033	\$0.611	\$1.092
10 or more	.891	.897	.581	1.061

From the foregoing tables it is seen that 100 kilos (220 pounds), unit rate for sending a quantity of rails, varying from 5 to 10 metric tons, can be sent cheaper from Frankfurt and Königsberg to Constantinople via Hamburg than from those places to Hamburg only.

It is to be noted that the longer the German railway journey under the through tariff the greater becomes the difference between the cost of carriage to port and the total cost of carriage abroad. For instance, the cost of carriage per 220 pounds, in 5-ton lots, is as follows:

Frankfurt to Hamburg, 66.2 cents; Frankfurt to Constantinople via Hamburg, 50.9 cents; difference in favor of Constantinople, 5.3 cents.

Königsberg to Hamburg, \$1.033; Königsberg to Constantinople via Hamburg, 61.1 cents; difference in favor of Constantinople 42.2 cents.

For anybody acquainted with German commerce there can be no doubt that a great part of its foreign success is due to the low freight charges for German manufacturers to foreign markets.



Germany. With a privately-owned system of railways, it has been considered dangerous to give the full latitude in the matter of low export rates that has been accorded abroad. As was said by the Interstate Commerce Commission in its report of February 5, 1904, in the matter of the publication and filing of tariffs on export and import traffic:

If it [the railroad] is compelled to publish an inland differential, it must accord that rate to any one who offers merchandise for transportation . . . . It may, to be sure, publish a through joint rate, and may use its own steamers exclusively in carrying under this rate but in that event it must publish the joint rate and rest therefore under the disadvantage of not being able to vary it as occasion requires. Upon the other hand . . . if the railway line has power to prefer its own steamship to other transportation, to carry to the seaboard for a much lower charge in one case than in the other, this must result in discouraging the development of independent lines to the Pacific coast. The ocean carrying trade to and from those ports must unavoidably become concentrated in those lines having satisfactory rail connections. If now these several lines agree among themselves upon rates from inland points to foreign destinations in exactly the same way that the transcontinental lines themselves have today agreed as to rates between inland points, there would result a condition of monopoly producing much higher through rates than as though the inland carriers were compelled to afford inland service upon the same terms, however the traffic might move by water.

It is impossible, of course, in any general way to specify exactly how competitive conditions on a given shipment would work out unless the nature of such shipment and the place of its origin were exactly known. It may fairly be stated, however, that the export rates of Germany are undoubtedly so arranged as to give German shippers to South American markets some advantage over exporters in this country. The point is not a very important one for the reason that the land portion of the transportation rates is, in the case of a great many commodities, only a small proportion of the transportation cost, while the transportation cost is itself only a percentage of the total value of the goods at the point of delivery, usually a small percentage in the case of the more highly valued articles, although an important consideration in the case of heavy articles such as hardware, iron and steel, and the like. At all events, the practice of foreign countries in this regard is entirely outside the control of the United States, and the question whether in this country we should be disposed to favor exporters by putting an indirect tax upon domestic consumers is not likely

to be answered in the affirmative, inasmuch as the railroads themselves must decide the question, and, as we have seen, are hampered by the general provisions of our legislation against discriminatory rates. On the whole, the point is one that does not call for any very serious consideration. A fair study of foreign trade conditions must inevitably lead to the conclusion that foreign business which must be bought by giving away goods at unreasonably low returns is not worth having.

The effect of railroad rates upon competition in South American markets may also be studied from another standpoint. It is evident that discriminations by South American roads in favor of goods coming from a certain country would put other countries at a disadvantage to the extent that they were shipped into the interior of such a country, and in the proportion that they were dependent upon cheap transportation for their sale. This fact has led to continuous scrutiny of the policy of South American railroads with a view to making sure that no such discriminations were practiced in favor of goods originating in foreign countries. Within recent months, there have been charges that discriminations of this kind were being practiced by South American roads, the mechanism of the scheme being furnished by rate agreements between such roads on the one hand and German and other steamship companies upon the other. The subject is involved in considerable obscurity. All knowledge of such agreements has been denied by the Bureau of Manufactures of the Department of Commerce and Labor, the Bureau of Foreign Trade Relations of the State Department, the Pan-American Union, which keeps a close watch upon South American trade conditions and other governmental agencies, and by leading firms and steamship lines engaged in South American trade. Whatever discriminations there may be, are effectually covered up as through rates from points in Germany to points in the interior of South America. The subject is now under investigation by the House Committee on Merchant Marine and Fisheries but thus far without result.

## V

From this review of the transportation problem in its bearing upon South American trade, the conclusion is drawn that little or no evidence exists to show that the United States, in its effort to gain admission to South American markets, is subject to any

serious discrimination in steamship rates; or to any discrimination whatever when distance and other conditions of competition are considered. As has been seen, ocean rates between the United States and South American ports are relatively low while tonnage is abundant, sailings numerous, and the general condition of transportation fully as good as the volume of traffic warrants. It is undoubtedly true that other countries enjoy better communication with South America than do we; and that larger, faster, and more frequent vessels are on the runs between English and German ports on the one hand and those of South America on the other. There is, however, nothing whatever to show that such conditions are the result of efforts to discriminate against the United States, but that the conditions of communication are the direct and unmistakable outcome of the conditions and volume of trade existing between the various countries which participate in the commerce. On the ocean, as on land, it is a fact that traffic begets traffic, and satisfactory accommodation begets more and more satisfactory accommodation. As the volume of freight becomes larger and better distributed, it is more and more possible to equalize rates and distribute tonnage. The essential question is, therefore, the development of the conditions that give rise to trade, and the production of goods at a low cost and in a form that makes them demanded by consumers in South America. The improvement of the transportation facilities within recent years shows conclusively that it is entirely possible to develop communication with South America by natural means, and without government subventions.

H. PARKER WILLIS.

*Washington, D. C.*

## THE IMPATIENCE THEORY OF INTEREST

The re-presentation of Professor Irving Fisher's "Impatience Theory of Interest" in his *Elementary Principles of Economics*<sup>1</sup> is significant for several reasons. On the one hand, it indicates not only that the author still believes this theory to be logically complete and satisfactory but also that he deems it to be so firmly established among accepted economic principles as to be entitled to a prominent place in a book which "does not attempt . . . to introduce controversial matter,"<sup>2</sup> and which is designed for undergraduate instruction. On the other hand, the attempt to present the theory in elementary form inevitably exposes it more than ever to adverse criticism. The formidable array of rigid mathematical "proofs"<sup>3</sup> with which it was accompanied in his *Rate of Interest*<sup>4</sup> could not but be awe-inspiring, even when not convincing, to economists less accustomed to the use of mathematical symbols and modes of expression. To the extent that the latest formulation is clothed in a language that all may follow and understand, its merits and demerits stand out the more clearly and unmistakably. While this simplifies the task of the critic, the fact that a thinker of Fisher's acuteness adheres to his explanation shows criticism to be still important.

Professor Fisher's "Impatience Theory of Interest" is Professor von Böhm-Bawerk's "Discount Theory," with two highly important modifications. Fisher denies the validity of the distinction between land and capital (that is, "produced means to further production") and refuses to admit that what Böhm-Bawerk calls the "technical superiority of present over future goods" and what other writers have characterized more briefly as "the productivity of capital" has any influence on the comparison between present gratifications and future gratifications in which, as he believes, the complete and final explanation of interest is to be sought.

<sup>1</sup> The Macmillan Company, 1912. Two editions of this book were privately printed for experimental use before the final form now made public was decided upon.

<sup>2</sup> *Ibid.*, Preface, p. vii.

<sup>3</sup> For example the "Mathematical Refutation of Böhm-Bawerk's Claim as to Ground of Preference for Present over Future Investment of Labor" in the appendix to ch. 4 of *The Rate of Interest*, p. 354. Böhm-Bawerk pays his compliments to this unfortunate "refutation" in his usual trenchant manner in the latest edition of his *Positive Theorie des Kapitals*, pp. 361-381.

<sup>4</sup> The Macmillan Company, 1907.

For Fisher there is no logical ground for distinguishing between wealth that is capital and wealth that is not capital. Capital is any stock of wealth existing at a given instant of time.<sup>5</sup> It thus includes land as a gift of nature as well as the produced means to further production, to which other writers limit the conception. It also includes durable consumption goods. Finally, it includes the world's workers themselves since their powers and capacities are a part of the world's wealth. No definition of capital less broad than this, in Fisher's opinion, can furnish an adequate basis for the discussion of the problem of interest.

Starting from this all-inclusive conception of capital he finds that "the essence of interest is impatience, the desire to obtain gratifications earlier than we can get them, the preference for present over future goods."<sup>6</sup> This he considers "a fundamental attribute of human nature," and "as long as it exists," he maintains, "so long will there be a rate of interest." The degree of preference or the "rate of impatience" varies with different individuals and under different circumstances. His detailed explanation of the rate of interest consists in enumerating the causes of these variations and analyzing the process by which individual preference rates combine to determine the current rate in the manifold forms in which this appears and reappears in organized industrial society.

What are the sources of this "fundamental attribute of human nature"? Fisher finds them, on the one hand, in "personal characteristics of individuals" and, on the other, in characteristics of the incomes of individuals. The important personal characteristics are: (1) foresight, (2) self-control, (3) habit, (4) expectation of life, (5) love of posterity. Short-sighted, weak-willed persons, who are accustomed to spend, have not long to live, and are without heirs, have high impatience rates. On the other hand, far-sighted, self-controlled persons, who are accustomed to save, who look forward to long lives, and have children for whom to provide, have low impatience rates. But these high or low rates will be further modified by the expected incomes or "income streams" of persons of these diverse types. Their incomes may differ in amount, in distribution in time, and in certainty. In general, the larger and

<sup>5</sup> *Principles*, p. 38 et seq.; *Capital and Income*, ch. 4.

<sup>6</sup> *Principles*, p. 371. Most of the important elements in his explanation are contained in chs. 20-24 of his *Principles* and chs. 6-11 of his *Rate of Interest*.

the more certain the income the lower the impatience rate. But expected variations in the amount of the income will also have their influence. An income that is expected to contract in the future makes for a lower impatience rate; an income that is expanding, for a higher impatience rate. From these elements, each of which is explained and illustrated at some length, the diverse impatience rates of different individuals are said to be derived. The combination and interaction of these rates effected through borrowing and lending, spending and investing, establish the general impatience rate which we commonly term the rate of interest.

Most, if not all, of the considerations that enter into this analysis have been made familiar by other writers as factors bearing on the interest problem. Not to go farther, in my own discussion of the circumstances influencing the accumulation of capital in my *Introduction to Economics* I mention eight such factors: (1) provision for present and future needs ("amount of income"), (2) uncertainty of the future ("expectation of life" and "certainty of income"), (3) deficiency in imagination ("lack of foresight"), (4) lack of will-power ("self-control"), (5) desire to provide for old age and for the family ("expectation of life" and "love of posterity"), (6) desire for power, (7) desire for interest, (8) ambition for business success. I thus included all of Fisher's factors except "habit," which like most other writers I took for granted, and "distribution of income in time," about which I shall have something to say later. It is not, then, the factors which Fisher makes prominent as the causes of interest that distinguish his theory from other theories, but rather his method of presenting these factors and his denial of the pertinence of that other factor, the "technical superiority of present over future goods" or the "productivity of capital," which to other writers has seemed all important.

The most striking fact about his method of presenting his factors is that he dissociates his discussion completely from any account of the production of wealth. From a perusal of his *Rate of Interest* and of all but the very last chapters of his *Elementary Principles* (chapters which come *after* his discussion of the interest problem), the reader might easily get the impression that becoming rich is a purely psychological process. It seems to be assumed that income streams, like mountain brooks, gush spontaneously from nature's hillsides and that the determination of the rate of interest

depends entirely upon the mental reactions of those who are so fortunate as to receive them. While minute attention is given to the influence of the size, distribution in time, and certainty of income streams, practically nothing is said of the *why* of these income streams. The whole productive process, without which men would have no income streams to manipulate, is ignored, or, as the author would probably say, taken for granted. From Fisher's point of view this procedure is perfectly legitimate. He believes the determination of interest to be a psychological process and like Böhm-Bawerk he feels under obligation to bring in from the business world only the factors that influence preference rates. The all-important difference is that Böhm-Bawerk, with shrewd insight into the mental processes of business men, recognizes one of the important factors to be "the technical superiority of present over future goods" and, in order to give this its due weight, feels constrained to explain at length the important role which capital plays in production. By so doing Böhm-Bawerk renders the difference between his theory and the so-called productivity theory, when correctly stated, a difference mainly of terminology and emphasis. By denying the importance of the productivity aspect of capital, Fisher, on the other hand, has freed himself from the necessity of saying anything about the part capital plays in production. As a result we have an explanation of distribution as completely divorced from the explanation of production, as though incomes "just grew" and that was all there was for the interest theorist to say about them.

It would require much more than a single article to indicate all of the points in Fisher's explanation to which I cannot assent and the reasons for my disagreement. Böhm-Bawerk has devoted some fifty pages of the new edition of his *Positive Theorie*<sup>7</sup> to an attempt to demonstrate the irrelevance and inconclusiveness of one of Fisher's criticisms of his own explanation—that is, the importance he ascribes to the technical superiority of present over future goods. To attempt to answer all of Fisher's criticisms of other theories and at the same time to show the inadequacy and incompleteness of his theory, would necessitate a stout volume. There are certain aspects of the matter, however, that I believe can be made clear without venturing very far into the technicalities of a

<sup>7</sup> *Positive Theorie des Kapitals*, Dritte Auflage, 1912, Exkurs XII.



really adequate discussion and it is to these alone that I shall address myself.

The interest-determining factors which Fisher makes prominent affect personal rates of discount or "impatience rates," as he is careful to point out, quite unequally. Nevertheless he describes impatience for present gratifications as a "fundamental attribute of human nature" and in his *Rate of Interest* goes so far as to assert that<sup>8</sup> "the rate of interest in terms of money can never be negative." Neither of these positions seems to me to be well taken and for reasons that will serve very well to introduce more difficult aspects of the problem. Fisher says that a negative rate of money interest is impossible "because money possesses durability and may be hoarded without loss."<sup>9</sup> Granted; but is it not also true that money cannot be hoarded without trouble, expense, or risk, and that these are as effective causes of loss as would be the physical deterioration of the coins hoarded? So far as the abstract question is concerned his *a priori* argument against a negative rate is quite inconclusive. But how about the concrete question? Is it conceivable that people would ever be willing to pay a premium for having present resources made available for the gratification of their future needs? From the point of view of the psychology of valuation it seems to me entirely conceivable. Certainly many individuals are so well provided with present means of gratification and so solicitous to make adequate provision for the future that they would gladly, if this were the only way, pay something to have a part of the superfluous wealth of the present made available to gratify future wants. In practice it is never, or almost never, necessary to accept negative interest, but why? Is it because the persons with a high impatience rate so largely predominate over those with a low impatience rate? Yes and no. Yes, because the chief source of the impatience for present income is the desire of business men for capital to use productively. Appreciation of the "technical superiority of present over future goods" is the circumstance that makes far-sighted, self-controlled persons with assured large incomes (who in Fisher's analysis are represented as savers and lenders), savers, to be sure, but also borrowers. It is their demand for the savings of others for use in business enterprises that causes the balance always to be on the side of a positive rate of interest.

<sup>8</sup> P. 93.

<sup>9</sup> *Rate of Interest*, p. 93.

And to prove that this is the case, it seems to me necessary only to isolate the factors which Fisher makes prominent by assuming this technical superiority of present over future goods to be miraculously absent. Suppose that the roundabout, capital-requiring method of production were *not* the more productive and that the determination of whether present goods should be preferred over future goods depended simply on the factors which Fisher enumerates. Would there be any conclusive ground under these circumstances for maintaining that preference for present gratifications is a "fundamental attribute of human nature"? With the best of will I can see none. It goes without saying that many people, with little foresight or self-control, would still be willing to exchange their prospect of future income for present gratifications. But even among poor people there are many with foresight enough and self-control enough to hoard from their scant incomes for the rainy day—witness the coin hoardings of the French peasantry which not only afford no positive return in interest but involve trouble, expense, and risk! Among people with larger incomes, some saving for the future, for old age, for children, for the social esteem, power, and influence which possessions give, would be the rule.

The aspect of the matter which Fisher seems to me strangely to overlook is the very limited borrowing power of the class of persons whose high impatience rates, according to his analysis, result in a substantial positive rate of interest. This comes out strikingly in connection with the assumptions which he makes and the conclusions which he draws from these assumptions in the development of the "First Approximation" in his *Rate of Interest* (ch. 7), which he repeats without material change in his *Elementary Principles*. His argument runs as follows:<sup>10</sup>

For the moment let us assume a perfect market, in which the element of risk is entirely lacking, both with respect to the certainty of the expected income-streams belonging to the different individuals, and with respect to the certainty of repayment of loans. In other words, we assume that all individuals are initially possessed of foreknown income-streams, and are free to exchange any parts of them, that is any present or immediate income for any future or remote income. Prior to such exchange, the income-stream is supposed to be fixed in size and distribution in time; that is, the capital instruments which the individual possesses are each supposed to be capable of only a single definite series of benefits contributing to his income-stream.

<sup>10</sup> *Principles*, pp. 389 and 390.

Under these hypothetical conditions, the rates of impatience for different individuals would become perfectly equalized.

For if any particular individual has a rate of impatience above the market rate, he will sell some of his surplus future income to obtain (*i. e.*, "borrow") an addition to his present meager income. This will have the effect of decreasing the desirability of his present income and increasing the desirability of the remaining future income. The process will continue until the rate of impatience of this individual is equal to the rate of interest. In other words, a person whose impatience rate exceeds the current rate of interest will borrow up to the point at which the two rates will be equal. Reversely, a man who, with a given income-stream, has a rate of impatience below the market rate, will sell (*i. e.*, "lend") some of his abundant present income to eke out the future, the effect being to increase his rate of impatience until it also harmonizes with the rate of interest.

Is the conclusion that under these conditions "the rates of impatience for different individuals would become perfectly equalized" justified? Clearly yes, as regards individuals whose rates are lower than the current rate of interest. They will continue to lend until the pressure of immediate needs, which even the veriest miser cannot entirely escape, will cause their impatience rates to correspond to the rate of interest. But what of those with high impatience rates—short-sighted, weak-willed persons, who are accustomed to spend, have no children to provide for, and have only a few years left to live? No one of the assumptions made appears to exclude them from the picture. In the aggregate in any actual society they constitute a vast army. As an extreme representative of this type think of the confirmed drunkard with a small but certain income. His craving for liquor is such that to obtain it he will sacrifice everything he owns or expects to own. That is the present gratification he wants and his impatience rate for it is 1,000 per cent. With his small, though regular and certain, income and his brief expectation of life, could he borrow enough to bring his impatience rate down to the level of the current rate of interest? Fisher says that "the chief limitation to lending is due to the risk involved, and to the difficulty or impossibility of obtaining the security necessary to eliminate or reduce that risk."<sup>11</sup> Is it not clear that the *chief* limitation is due, rather, to the small prospective incomes—aggregate incomes—of those who are most eager for present gratifications? Will Fisher maintain that the drunkard proposed for illustration has enough borrowing power to

<sup>11</sup> *The Rate of Interest*, p. 117.

bring his impatience rate down, say, to five per cent? If he is disposed to do so, may we not exaggerate still further the situation by having our bibulous friend condemned to a single year of life, or a single month, or a single week, with the small, certain income which limits his borrowing power correspondingly restricted? Or does Fisher mean to assume that the income of each individual is a perpetual stream independent of the continuance of his earthly life? If he does mean this I can find no hint of it in the text.<sup>12</sup> Moreover, it is an assumption so at variance with the facts of industrial society, where the vast majority of persons with high impatience rates are wage-earners with no incomes except those which come through their personal exertions, that it would deprive his "first approximation" of most of its value as a link in his explanation.

So far as I can see, with the technical superiority of present over future goods, or the productivity of capital, absent, the question as to whether interest would continue or not is an entirely open one. The factors on which Fisher relies for the "fundamental attribute of human nature" which causes interest, would, I am quite clear, not prevent many persons, with regard to part of their resources, from preferring to have them available in the future rather than in the present. On absolutely safe security they would lend, if they needed to, without any interest charge, to avoid the expense of hiring safe-deposit boxes in which to hoard coin or some other durable form of wealth. The number of persons who would lend without interest or hoard would be smaller no doubt than the number with positive impatience rates. But would the borrowing power of the persons with high impatience rates, limited as it would be in most cases by small present and prospective incomes exceed the lending power of those with negative impatience rates

<sup>12</sup>That Fisher ignores the effect which their limited prospective incomes have on the borrowing power of persons dependent on their own exertions is shown in the following sentences which refer to the actual industrial situation (*Principles*, p. 402). "Again, the second condition (that the degrees of impatience of all persons become equal to the rate of interest) may not be fully met; for a would-be borrower may not be able (owing to lack of security satisfactory to the lender) to secure a large enough loan to reduce his impatience to equality with the market rate of interest. Or he may be affected by laws restricting loans." Except for these limitations, the implication clearly is, "the degrees of impatience of all persons [would] become equal to the rate of interest."

many of whom would desire to leave large fortunes to their families, so that a positive rate of interest would necessarily result? The question is purely speculative and one man's guess at the answer is as good as another's but after squarely facing it can we concur in Fisher's view that "the preference for present over future goods . . . is a fundamental attribute of human nature"? Is it not rather a result of the present industrial organization of society arising chiefly from the fact that capital plays such a tremendously important role in production and that, under the system of private property in the instruments of production and free competition, capitalists can secure a return corresponding, at least roughly, to the part of the value-product that is economically imputable to the assistance which their capital renders? That is the view of the productivity theorists and it is now time to consider the cogency of Fisher's criticism of this familiar explanation.

Both in his *Rate of Interest* and in his *Elementary Principles*, Fisher criticises the productivity theory of interest. Since that is the theory which, on the whole, commends itself to my intelligence, I shall dwell on this part of his discussion at some length. The first criticism which he levels against this theory<sup>13</sup> is the one which is also urged by Böhm-Bawerk, that is, that advocates of the productivity theory confuse physical-productivity and value-productivity. That such a confusion has sometimes occurred I should be the last to deny. On the other hand, I cannot agree that there is no necessary or logical connection between physical-productivity as a general phenomenon of capitalistic production and value-productivity. The basis for Böhm-Bawerk's and Fisher's denial of this connection is the familiar principle that, other things remaining equal, an increase in the supply of any product depresses the price of each unit of that product with the consequence that a larger supply may have not a larger but actually a smaller aggregate value than a smaller supply. The application of this principle, so well established in economics with regard to an increase in the supply of a single commodity, to an increase in the supplies of commodities generally seems to me entirely unwarranted. Exchange values and prices are relations among goods. Increase the supply of one good and the ratio at which it exchanges for others or for money will change to its disadvantage. If, however, you increase at the same time the supplies of all goods, including gold, the stand-

<sup>13</sup> *Rate of Interest*, p. 12 et seq.

ard money material, you affect simultaneously both sides of all ratios of exchange and consequently the ratios should remain substantially as before. It is just such an increase of goods of all sorts and descriptions that is denoted by Böhm-Bawerk's phrase "the technical superiority of present over future goods" or by the more familiar phrase "the productivity of capital." Admitting the physical-productivity of capital (and Fisher does not question it),<sup>14</sup> the value-productivity of capital or more accurately an increase in the total value-product as a consequence of the assistance which capital renders to production seems to me to follow as a logically necessary consequence. The charge that advocates of the productivity theory take this connection for granted and nowhere prove it, is true only in the sense that it is such an obvious deduction from the accepted principles in regard to the determination of exchange values and prices that they usually assume express proof of it to be superfluous. Acceptance of this view does not, of course, carry one very far toward an understanding of the interest problem, but at least it suggests that the productivity theorists are not entirely on the wrong track.

Passing too readily from physical-productivity to value-productivity is, however, according to Fisher, not the major fallacy of which the productivity theorists are guilty. Just what this major fallacy is he tries to make clear by the following illustration:<sup>15</sup>

When the rate of interest is five per cent, nothing at first sight seems more obvious than that it is five per cent because capital yields five per cent. Since capital is productive, it seems self-evident that an investment of \$100,000 in productive land, machinery, or any other form of capital will yield a rate of interest proportionate to its productivity. This proposition looks attractive, but it is superficial. Why is the land worth \$100,000? Simply because \$100,000 is the discounted value of the expected \$5,000 a year. We have seen in previous chapters that the value of capital is derived from the value of its income, not the value of the income from that of the capital. Capital value is merely the present or discounted value of income. But whenever we discount income, we have to assume a rate of interest.

The fallacy of the productivity theorists is thus to try to explain the rate of interest by reference to facts which really presuppose the rate of interest to be explained.

<sup>14</sup> *The Rate of Interest*, p. 58. "Passing over the second step [that is, Böhm-Bawerk's proposition that the longer the average production period, the greater will be the product] to which no objection is offered."

<sup>15</sup> *Principles*, p. 366, *et seq.*

To the careless reader this sounds very just and very convincing. The more cautious will observe that its plausibility depends upon the dexterous putting forward of "land" as typical of all forms of capital. If land, the limited gift of nature, were truly representative of capital, then Fisher's reasoning would be unassailable. Since men could not increase nor decrease the supply of land, any value that it might have would be the discounted value of its products, and the circumstances determining the rate of interest would have to be sought in factors outside the field of production. But land is not representative of capital. If the reader will only substitute for "land" in the above sentences a phrase indicating the produced means to further production, he will at once see the hidden fallacy in the author's reasoning. We should then have: "Why are the tools and machines *worth* \$100,000? Simply because \$100,000 is the discounted value of the expected \$5,000 a year." If this were true then the chain of value causation would always be from the value of the product through the rate of discount to the value of the fund of capital giving rise to the product. That this is in fact the case is asserted by Fisher over and over again. But that it is not true admits of very simple demonstration. Change the expense of producing the tools and machinery that are worth \$100,000 and you will set in motion influences that will as surely change the value of the products, except in the rare case in which the production of the tools and machines is an absolute monopoly, as you would by changing the marginal utilities of these products or by changing the rate of interest. If, for example, the expense of producing the tools and machines is cut in two, the branches of production making use of them will be temporarily stimulated by the abnormally large profits to be secured, the cheapened tools and machines will be multiplied and presently the increased output of products will cause the value of the products to decline to conform to the reduced values of the instruments of production which give rise to them.

In other words, when capital is used in the sense of the produced means to further production, the relation between the value of capital and the value of its products is not one of simple dependence from value of products to value of capital, as Fisher represents, but one of mutual dependence. At the foundation of exchange values is, no doubt, as he argues, the principle that such values tend to correspond to marginal utilities. Also when the values to be



explained are those of instruments of production rather than of consumable commodities the marginal utilities of the commodities to be produced are, as he maintains, carried back by the discount process to the values of the instruments of production which give rise to them. What he overlooks is that these instruments of production are themselves produced and that in the expenses of production we have another factor of wide-reaching importance in the final determination of value relations. By this I do not mean to repeat the discredited proposition that exchange values are determined by the expenses of production. "It would be nearer the truth," if I may repeat what I have said in another connection,<sup>16</sup> "to say that prices, determined by the money equivalent of the marginal utilities of goods to marginal consumers, determine the expenses of production. But this statement also would fail to tell the whole truth. Prices are paid for goods because of limitations on their supplies. These limitations under conditions of free, all-sided competition are due in turn to limitations on the supplies of the factors of production. . . . Thus if prices determine the expenses of production, the causes necessitating expenditures in production play a part in determining prices. The chain of causation is not straight, but returns upon itself in a circle. Each influence that needs to be considered acts and reacts upon the others."

That is all very well, I can imagine Fisher rejoining. I may have been inadvertent in inserting that word "simply" in my demonstration, but what has your argument to do with my main contention, that is, that you productivity theorists lug in a rate of interest from the outside and imagine that by showing how it affects the value relations between capital and the products of capital you are explaining it? The answer to this question can best be given after examining the next step in his criticism.

In his *Rate of Interest*, and in abbreviated form in his *Principles*, he indicates his poor opinion of the productivity theory as follows:<sup>17</sup>

The futility of the ordinary productivity theory may be further illustrated by observing the effect of a change of productivity. If an orchard could in some way be made to yield double its original crop, the productivity of that capital in the physical sense would be doubled, but its yield in the sense of the rate of interest would not necessarily be affected at all, certainly not doubled. For the orchard whose yield of apples should increase from \$1,000 worth to \$2,000 worth would

<sup>16</sup> *Economics: Briefer Course*, pp. 203-204.

<sup>17</sup> *Rate of Interest*, p. 15.

itself correspondingly increase in value from, say, \$20,000 to something like \$40,000, and the ratio of the income to the capital-value, would remain about as before, namely, 5 per cent.

The first point in this statement that must strike the reader is that it characteristically takes for illustration not capital in the sense of produced means to further production but "an orchard" in which the "land" element is necessarily prominent. If he had taken freely reproducible tools and machines worth \$20,000 as the source of the products whose value is mysteriously doubled the improbability of the outcome he describes would be too obvious to escape his attention. What would happen in such a case, the production of the tools and machines not being monopolized, would be a multiplication of these instruments until the values of the resulting products were brought into normal relations again with the expense of producing them. Certainly the value of the tools and machines, in the absence of monopoly, would not be for any length of time doubled or even greatly increased, the limiting influence of the expense of producing them being readily brought into play. That such a change could not greatly increase the rate of interest, since its influence on the general capital market would necessarily be slight, the productivity theorist would readily agree.

Apparently Fisher was not altogether satisfied himself with this illustration for he goes on to say:<sup>18</sup>

One cannot escape this conclusion (as has sometimes been attempted) by supposing the increasing productivity to be universal. It has been asserted, in substance that though an increase in the productivity of one orchard would not appreciably affect the total productivity of capital, and hence would not appreciably affect the rate of interest, yet if the productivity of all the capital of the world could be doubled, the rate of interest would be doubled. It is true that doubling the productivity of the world's capital would not be entirely without effect upon the rate of interest; but this effect would not be in the simple direct ratio supposed. Indeed, an increase of the productivity of capital would probably result in a decrease, instead of an increase, of the rate of interest. To double the productivity of capital might more than double the value of the capital.

Nothing in Fisher's whole discussion better illustrates the disastrous results, so far as clear thinking is concerned, that follow the acceptance of his view that the "produced means to further production" and "land," the limited gift of nature, are essentially alike and should be thrown together under the common designation,

<sup>18</sup> *Rate of Interest*, p. 16.

"capital," as a first step toward the solution of the interest problem! We are seriously asked to believe that by doubling the products that may be secured through the use of tools, machines, buildings, raw and partly finished materials, etc., we might more than double the value of these instruments! Is it not perfectly plain that after as before the change, time being allowed for an adjustment to the new conditions, the values of the produced means to further production will be brought into conformity to the expense of producing them? Since there is nothing in the assumption that the productivity of all instruments is doubled that involves any serious change in the expense of producing the instruments, the productivity theorist certainly *would* claim that under these conditions there must be, if not a doubling, certainly a very substantial increase in the rate of interest. Where, he may ask, does this large addition to the annual returns from the nation's industries go if not to those who control the capital, which by hypothesis gives rise to it? And, since the expense of producing the needed complex of capital goods is little changed, must not the larger value return inevitably show itself as a higher rate of interest on capital? This is just the sort of illustration that confirms the productivity theorist in the faith that is in him, and I cannot think that Fisher has strengthened his case by referring to it.

This is not the place to attempt a complete restatement of the productivity explanation of interest. Various versions of it are available and a knowledge of the logical steps involved in it on the part of readers of this review may be taken for granted. Judging from some of Fisher's criticisms, however, it clearly is the place to indicate briefly what this theory does and what it does *not* involve. It starts out with the proposition that entrepreneurs desirous of making profits by supplying goods at current prices compete against one another for control of the factors necessary to production. This competition tends to keep their own profits down to a large or small "wages-of-management" and to force them to pass along as the remuneration of the factors which they hire, subject to this deduction and to a deduction for the replacement fund, the total price which they receive for the things which they sell. It is, therefore, contended that it is the part these factors play in production as compared and measured by entrepreneurs that determines the shares of this total price that are assigned to them. The part that capital plays presents two aspects: that of

capital goods available at a given instant of time, and that of the purchasing power tied-up in these capital goods during the period that they are performing their productive function. In relation to the first aspect, entrepreneurs appear as buyers. Normally, under conditions of free competition, the prices which they must pay for capital goods conform to their expenses of production.<sup>19</sup> In relation to the second aspect, entrepreneurs appear as users of capital. How much interest they can afford to pay for such use, entrepreneurs estimate through comparing the productive services of capital goods at current prices with the productive services of workers, who at some points are interchangeable with capital goods, at current rates of wages. Through these comparisons the general rate of interest, so far as it depends upon the demand for capital for use in production, is determined. And it is this demand for capital growing out of the important role capital plays as a factor in production, that is the positive, active influence determining interest, in the same sense that utility may be said to be the positive, active influence determining value.

Productivity theorists do not claim that this is the whole story. They recognize the necessity of an analysis of the psychological factors that control the amount of saving and thus determine interest on the supply side. Neither do they deny that before an equilibrium is reached what Fisher calls the impatience rates and what Böhm-Bawerk calls the rates of discount of persons who save and lend—not of those who borrow and spend, as Fisher seems to think—must be brought into harmony with the rate of interest. As I have fully conceded in another connection:<sup>20</sup>

If men did not discount future goods, all incomes would be saved so long as interest could be earned in this way. That this does not happen is a sure indication of the truth of the principle upon which the exchange theory rests. It is equally obvious that whenever and as often

<sup>19</sup> In a complete analysis these "expenses of production" must, of course, be related to the "costs of production," that is, the sacrifices which production entails for the marginal workers, on the one side, and the marginal savers, on the other. I am entirely unable to follow or to concur with the reasoning which leads Fisher to the conclusion that "all items of income and outgo cancel among themselves, except efforts and satisfactions" (*Principles*, p. 351). This outcome is the more surprising because the phrase "preference for present income," which sums up his explanation of interest, itself so clearly implies the thought that waiting for future income involves a sacrifice.

<sup>20</sup> *Introduction to Economics*, p. 278.

as the current rate of interest exceeds the rate at which men discount future goods, income will be saved and invested and that the tendency in a competitive society will be for the supply of capital goods to be kept at just that level at which the rate of interest and the rate of discount are equal.

The decisive objection to Fisher's theory and theories like it, in other words, is not that they are not true, so far as they go, but that they are incomplete and inadequate because they fail to consider the other and more important side of the problem, that is the influences within the process of production which determine the share of the product to be assigned to capital and thus fix the value ratio between this share and the capital to which within a given period of time it is credited.

Fisher offers further refutations of the productivity theory, but a detailed review of them would bring out no new consideration of importance. They all seem to me to be either erroneous or to refer to forms of statement of the theory which are inaccurate. To the author's final conclusion that "the idea of raising the rate of interest by increasing the productivity of capital is, therefore, like the idea of raising one's self by one's boot straps,"<sup>21</sup> I can only reply that to my mind the idea of raising the rate of interest in any other way is like the idea of increasing the volume of a stream by changes, not in the capacities of its source or tributaries, but in the ocean into which it flows.

Although nothing in Fisher's discussion has shaken my confidence in the essential soundness of the productivity explanation of interest, when presented not as the complete explanation but as the necessary supplement of the discount theory, there is one feature in his treatment that leaves me uncertain how far he himself is a productivity theorist in disguise. I referred earlier to the importance he ascribes to the distribution of incomes in time as one of the factors influencing impatience rates. Consideration of this factor might lead the reader to conclude that its net influence on the rate of interest would be slight. Some persons look forward to diminishing incomes and their rates of time preference will be depressed thereby. Others expect their incomes to increase in the future and this will enhance their rates of time preference. In general, it might be thought that the two tendencies affecting different persons in opposite directions would, when these persons

<sup>21</sup> *Principles*, p. 369.

came to exert their influence on the rate of interest, largely offset each other. But this is not Fisher's opinion. Among the "Historical Illustrations" with which he fortifies his conclusions is the interesting example of the relatively high interest rate that has continuously prevailed in this country in comparison with the interest rates that have been current in Western Europe. The reason for this high interest rate is found by Fisher in the fact that American incomes generally are expanding rather than contracting. His exact account of the matter is as follows:<sup>22</sup>

In America we see exemplified on a very large scale the truth of the theory that a rising income-stream raises, and a falling income-stream depresses, the rate of interest. . . . In California, in the two decades between 1850 and 1870, following the discovery of gold, the income-stream of that state was increasing at a prodigious rate. During this period the rates of interest were abnormally high. . . . The same phenomena of enormous interest rates were also exemplified in Colorado and the Klondike.

In other words increasing income-streams may be a phenomenon in which whole communities share over a considerable period of time and its psychological accompaniment is a willingness to pay high rates of interest. But what do these increasing income-streams mean except that in the given situation capital is highly productive? Is not the real basis for the willingness of the people to pay high rates of interest under the conditions assumed their certainty that their investments will bring in big returns? Acceptance of this view is an endorsement of the productivity explanation of interest, and the illustrations given conform so exactly to this explanation that it is difficult to believe that their author is as unalterably hostile to the productivity theory as other portions of his analysis would seem to imply.

In concluding this criticism I should be less than fair if I failed to acknowledge the valuable service which Professor Fisher has rendered in subjecting current explanations of interest to searching analysis. Approaching the problem with the handicap of what seems to me a misleading rather than a clarifying concept of capital, he was predisposed to confuse the explanation of the returns to land, whose supply can be little affected through production, with that of the returns to capital, defined as the produced means to further production. The inevitable result, notwithstanding the acute thought which he has devoted to the prob-

<sup>22</sup> *Principles*, p. 405.

len, is an explanation that is one-sided and inadequate. But when this is said, much that is favorable remains unsaid. No one can follow the development of Fisher's theory without gaining new insight into the interest problem or without feeling sincere admiration for the author's originality of expression, fertility of illustration, and boldness in following his reasoning to its logical conclusion. If his theory fails to displace the other theories already in the field, at least it must serve to stimulate the supporters of these theories to clearer thought and to a more careful formulation of their ideas.

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## AGRICULTURAL CREDIT IN THE UNITED STATES

The United States, although the leading country of the world in the amount of its agricultural products and in the extent of its banking business, is behind nearly every other progressive country of importance in the development of agricultural credit, *i. e.*, short-time non-mortgage credit. Our manufacturing and commercial businesses are financed largely by means of such credit, and the capital invested in these industries is thereby rendered manifoldly efficient; not so with agriculture. Most farmers apparently make little or no use of short-time credit. There seems to be a wide acceptance in this country even among the farmers themselves of the dictum of Louis XIV, that: "Credit supports agriculture, as the cord supports the hanged." Is this a correct description of the situation? If so, what is the explanation, and what remedies if any are needed? The object of this paper is to throw light upon the answers to these questions.

First, as to existing banking facilities for agricultural credit, and their utilization by farmers. It is well known that the banking capital of the country is concentrated to a great extent in our large cities—to a greater extent than it would be if we had a well-developed system of branch banks like Canada—and that the banks of these cities are prevented by reason of their location from making many agricultural loans, even if they were so inclined. Of the 7,301 national banks in the United States September 1, 1911, 192 or 2.6 per cent were located in the dozen largest cities of the country.<sup>1</sup> The national banks of these twelve cities, representing but 14 per cent of the population of the country, had 37 per cent of the national banking capital (capital, surplus, and undivided profits), 33 per cent of the individual deposits, and 40 per cent of the loans. It should be noted, however, that since the act of 1900, authorizing the establishment of national banks with a capital of less than \$50,000 in small towns, there has been a continual and rapid increase in the number of national banks in small communi-

<sup>1</sup> New York, Chicago, Philadelphia, St. Louis, Boston, Cleveland, Baltimore, Pittsburgh, Detroit, San Francisco, Milwaukee, and Cincinnati. For Buffalo, the tenth city in population, Cincinnati, the thirteenth city, was substituted, since for Buffalo, which is not a reserve city, satisfactory banking figures are not available.

ties. On September 1, 1911, out of the total 7,301 national banks there were 1,966 with a capital of \$25,000, and therefore presumably located in towns of less than 3,000 population, 372 with a capital between \$25,000 and \$50,000, and therefore presumably in towns of less than 6,000 population, and 2,297 with a capital between \$50,000 and \$100,000. Except for banks in towns not exceeding 6,000 population, the law as amended in 1900 does not permit any national bank to be organized with a capital less than \$100,000.

Are the national banks which are accessible to farmers in a position under the law to meet farmers' needs? The answer to this question must be in the affirmative. Aside from the fact that national banks are not permitted to make loans on real estate security, there is no restriction in the national banking act which would interfere with loans to farmers for agricultural purposes. Personal security alone is legally acceptable; the range of possible collateral security is practically unlimited; and there is no limitation fixed by law as to the period of loans. National banks therefore have a very free hand in regard to loans to farmers.

When we inquire concerning agricultural credit in banks under state charters we find conditions varying with the different states, but, with a few minor qualifications, it may be said that the state banking laws are free from restrictions that would hamper state banks and trust companies in extending credit liberally to responsible farmers. They are in a much better position in one respect to deal with farmers than are national banks, that is, in the matter of accepting real estate security. No state denies state banks this privilege, and such restrictions as exist upon its exercise are generally not onerous.<sup>2</sup>

If commercial banks are comparatively unhampered by law in making short-time loans to farmers, it may be asked: To what extent are such loans made? Unfortunately practically no infor-

<sup>2</sup> Restrictions on the amount of real estate loans exist in Michigan, New York, Ohio, Pennsylvania, South Carolina, Texas and Wisconsin; restrictions as to the ratio of the amount of the loan to the value of the real estate exist in Minnesota, Ohio, and Texas. Real estate loans are legally limited to first liens in California, North Dakota, Oklahoma, Pennsylvania, and (under certain qualifications) in New York. Similar restrictions are found in a few states to real estate loans of trust companies. Cf. Samuel A. Welden, "Digest of State Banking Statutes," tables A and C (*Report of National Monetary Commission*; S. Doc. No. 353, 61 Cong., 2 Sess.).

mation is available on this question. In answer to an inquiry the Comptroller of the Currency wrote, under date of May 27 of this year, that no information with reference to short-time loans made to farmers by national banks had ever been compiled by the comptroller's office. The writer has found no trace of any investigation of this subject by state banking departments. For about a year he has taken occasion to inquire at every opportunity of individual bankers concerning their experience with regard to loans to bankers in different parts of the country. The replies received are so divergent that no conclusion can be drawn from them, except that the practice varies widely in different sections of the country and even in different communities in the same section, and that probably the farmers of the North Central and Western States borrow of commercial banks more than do those of the Eastern and Southern States. There is not sufficient evidence, however, for this latter inference to make it much more than a guess. In the absence of any comprehensive data, I shall resort to the unsatisfactory but representative replies from different parts of the country.

Neither of the two national banks in the city of Ithaca, N. Y. makes any appreciable amount of loans to farmers. Both claim to be willing to do so, but say there is practically no demand. In some of the neighboring cities, however, such loans by national banks are more common. The cashier of a national bank in a town of about 800 population in an agricultural section of northeastern Pennsylvania writes:

Our farmers as a rule are not large borrowers and want loans only in small amounts for short periods.

Farmers in general will not go on each other's paper no matter how good the parties are, for they have been so often taken in by wild-cat schemes that they are shy when their names are required to be placed upon paper. They realize also that they are not familiar with business methods in the commercial world and dare not trust themselves.

There is a moderate amount of borrowing by farmers in western New Jersey. Estimates made by bankers in Princeton as to the proportion of farmers in that neighborhood who borrow for short periods of local banks vary from 15 to 40 per cent.

A former president of a national bank in Indianapolis writes:

We came very little in contact with farmers. We made special effort to secure such business by sending to a considerable mailing list of carefully selected farmers circulars and personal letters . . .

but the business did not come. My inference was that they dealt with the nearby small banks.

Of the situation in Lafayette, Indiana, a former vice-president of a national bank, writes:

About 50 per cent of our business was with farmers. They borrow frequently from commercial banks, funds to be used for crop planting, crop gathering, purchase of agricultural machinery, improvements on the farm, purchase of cattle, and the carrying of cattle or hogs to maturity. Through Indiana these farmers' loans are very usual in the country banks, many preferring state charters so they may make these loans not only on personal but also on mortgage security.

Farmers are seldom able to give any but personal or mortgage security. A large percentage of them are sufficiently responsible to be entitled to and to receive reasonable credit without security.

Farmers seem to endorse for each other much more readily than do those of other classes. . . . The reason is, I think, clear. Each knows pretty much everything about his neighbor's financial status, the amount and value of his land, his live-stock, and other visible personal property, the amount of any mortgage and when due. So much being thus in the open there is less of the secretive habit, so that the extent of the invisible personal property and debts is apt to be known.

A similar report comes from a national bank in Lincoln, Nebraska, from which the following extracts are taken:

The farmers of this state have need of accommodations of this kind to carry them through the crop season. As a matter of fact, they use short-time credit to fully as great an extent as do the business men in the city and smaller towns. In fact, I think it is true that in the smaller towns the bankers favor the farmers in preference to the small business men. . . .

There is no doubt about the average well-to-do farmer in this state being able to furnish satisfactory security aside from mortgaging his farm for such temporary loans within any reasonable limitations. In some cases the banks take chattel mortgages on cattle or other live-stock, and in some cases where the farmer has a good equity in his farm they will not hesitate to take his personal note.

While I do not know that there is any particular difference between farmers and other classes in this state as to their willingness to go security for each other, yet very little of this is done any more. There was a time when it was not an uncommon thing, but it has become less and less until now there is very little signing done for others. In fact, the farmers feel that they are able to take care of themselves and do not ask others to sign with them, and are able to handle themselves without such an endorsement. This is true of all classes in this state.

I have never felt that in this locality farmers suffered in any way from lack of credit facilities. . . .

A former bank examiner in the state of California, himself a farmer, writes:

The farmers of California do not to any considerable extent make a practice of borrowing money from local banks or money lenders for short periods. . . .

In reviewing the various bank examiner's reports on some 500 state banks I recall very few instances of crop mortgages, and it impresses me that in many of the cases the mortgage was taken to obtain additional security for loans previously granted and secured otherwise.

I think it would be safe to say that the bankers as a rule have not favored short-time unsecured loans to farmers. They are, however, fast awakening to the fact that as a rule these are the safest loans a bank can make, and are making an effort to get in closer touch with the farmer. It would also be safe to say that the average small farmer does not as yet realize that he *can* obtain such credit at a bank.

Our farmers as a class are exceedingly reluctant "to go each other's security." Two-name paper is mostly confined to commercial transactions.

A college professor in the state of Washington informs me that short-time loans to farmers are common in that state, but that frequently the rate of interest charged is two per cent higher than that on commercial loans—the explanation commonly given being that a farmer borrowing generally reduces the resulting deposit credit more rapidly than does a merchant.

In the Southern States, particularly in the cotton, rice, and tobacco sections, the use of crop liens for short-time loans appears to be much greater than in other sections of the country.<sup>3</sup> Such meager testimony as I have been able to secure seems to show that the amount of short-time agricultural credit extended by banks in the South is relatively small but rather rapidly increasing. The banks are catering more and more to this class of business.

Other evidence might be cited, but the above gives a fair picture of the situation as revealed by all the testimony received—a confused picture of widely varying conditions. Public opinion is now being aroused on the subject of agricultural credit, and pressure is liable to be brought for hasty and perhaps radical legislation. Obviously, the first step to be taken in the interest of a sane solution of the problem is to find out exactly what the problem is. To this end the writer would urge strongly the need of investigations by the Comptroller of the Currency and by the various state banking departments of the present facilities and practices in the matter of agricultural loans. In view of the increasing public

<sup>3</sup> Cf. Testimony before United States Industrial Commission (*Report*, X), under subjects of "Credit System" and "Crop Lien System," *passim*.

interest in the subject the investigations cannot be undertaken too soon.

Although the farmers in any section of the country may not resort to the banks for short-time credit it does not follow that they are not receiving such credit. As a matter of fact they are often receiving it on a considerable scale and in the most expensive way, *i. e.*, in the form of book credits with merchants. It is a common practice throughout the country for farmers to run up book accounts with local merchants during the spring and summer to be paid in the fall when the crops are sold. When this is done on any considerable scale the farmer probably pays more than bank interest under the guise of prices; and this is particularly true when he obligates himself to sell his crops to the creditor merchant. In the South this practice is carried to the extreme in the familiar "store-lien" system which holds many farmers in the cotton belt in a condition bordering on perpetual servitude. The custom is for the farmer to buy supplies of the local general store on credit for the year, agreeing to sell to the merchant his cotton crop in the fall, thereby cancelling the debt. A crop lien is generally given, and the merchant often dictates the character and the amount of the planting. The prices paid for cotton under this system are liable to be exceptionally low, and the prices paid by the farmer for his supplies exceptionally high. The system has proven a curse to many sections of the South. Witnesses before the United States Industrial Commission estimated the interest rates imposed by this system at from 20 per cent upwards. Mr. George K. Holmes of the United States Department of Agriculture testified:

The rate of interest on the liens on the cotton crop of the South, it is safe to say, probably averages 40 per cent a year. All cotton men will agree that it is at least that. The store system of the South is a sort of peonage; that is what it amounts to with the cotton planter.<sup>4</sup>

Since the Industrial Commission's report was published the banking facilities of the South have been greatly increased, and the banks are coming into closer touch with farmers, with the result that the store-lien system is gradually breaking down.

Another form of credit to farmers is that obtained from dealers in farm implements and machinery which the farmers frequently buy on time, paying interest during the credit period.

One informant, who has been a bank examiner, writes from

<sup>4</sup> *Report*, X, p. 161.

California—and his testimony is applicable to many other sections of the country:

The new generation of merchants are not disposed to carry the farmer as of old and insist that overdue accounts be covered by promissory notes which are in turn hypothecated with their bank. In other words a clearer demarcation of function is being gradually brought about to the best interests of all concerned.

Such in general is the present situation in the United States in the matter of short-time agricultural credit as evidenced by the very indefinite and scant information available. What are the causes? Perhaps in them will appear some suggestions for the remedy.

The chief reasons for the backwardness of the United States as compared with Europe with regard to agricultural credit may be briefly summarized as follows: (1) Our wonderful agricultural domain where good land could be had almost for the asking, and where for generations land was so cheap and labor and capital so dear that intensive cultivation was generally unprofitable. (2) The prosperity of our farmers who have not been forced by dire necessity to resort to credit as were the farmers of Germany at the middle of the last century when the Raiffeisen coöperative banks were first organized. (3) The nomadic character of a considerable part of our agricultural population as it has moved continually westward in taking up of new lands, and more recently as it has been retracing its steps or moving northward. (4) The isolation of our farmers in this country of large farms and "magnificent distances." (5) The rapid growth of the manufacturing and commercial business of the country—and that largely in the hands of the same class of people who control the bulk of the banking business.<sup>5</sup>

Add to these circumstances the obstacles which farmers always encounter in the matter of credit, as compared with manufacturers and merchants, obstacles such as the uncertainty of crops and the strongly seasonal character of the farmer's credit demands, and we have a sufficient explanation for the backwardness of agricultural credit in this country.

To emphasize most of these causes, however, is to brand oneself as belonging to a past generation. Our domain of free arable land

<sup>5</sup> In some states farmers themselves own considerable amounts of bank capital. This is said to be particularly true of Iowa.



is practically gone; good farms must be bought, and for them ever increasing prices must be paid.<sup>6</sup>

The era of hand cultivation is giving way to that of farm machinery propelled by horse-power and even by steam, gasoline, or electricity, with its resulting great increase in the efficiency of labor. Eleven years ago the editor of *The Dakota Farmer*, in his testimony before the United States Industrial Commission, put the matter tersely, and with little exaggeration, as affecting his own section of the country, at least, when he said: "When I first worked out it took five binders to follow a machine, one man to rake off, and one to carry the bundles together. Now the hired girl frequently drives a machine that does the whole business."<sup>7</sup> Some idea of the extent of this increase may be obtained by reference to the following figures compiled from census reports:

VALUE OF FARM IMPLEMENTS AND MACHINERY IN THE U. S.<sup>8</sup>

YEAR	VALUE 000,000	PER CENT INCREASE
1910	\$1,265	69
1900	750	52
1890	494	22
1880	407	50
1870 <sup>9</sup>	271	10
1860	246	62

The increase in the value of farm implements and machinery per acre of land in farms from 1900 to 1910 was from \$0.89 to \$1.44, or 61.8 per cent.

An analysis of the figures for farm machinery by geographic divisions shows a marked difference in the rates of increase, but the tendency in all sections during the last forty years has been decidedly upwards, the greatest growth having been witnessed in the decade ending 1910. During that decade the lowest rate of increase in any section was that of New England, 39 per cent, and the highest that of the Mountain States, 163 per cent.<sup>10</sup>

Another development which is making larger demands upon the farmer for working capital is the increasing use of artificial fer-

<sup>6</sup> The average value per acre of farm land in the United States rose from \$15.57 in 1900 to \$32.40 in 1910, a rise of 108 per cent. *Thirteenth Census, Bulletin on Farms and Farm Property*, p. 15.

<sup>7</sup> *Report*, X, p. 938.

<sup>8</sup> Exclusive of Alaska and Hawaii.

<sup>9</sup> Values in gold.

<sup>10</sup> Cf. *Twelfth Census*, V, pp. xxix and xxx, and *Thirteenth Census, Bulletin on Farm and Farm Property by States*, pp. 13 and 15.

tilizers, the expenditure for which in the United States approximately doubled from 1880 to 1900.<sup>11</sup>

As the result of such tendencies and of the rapid depletion of our free domain, farming in the United States is losing its old time kinship to mining and becoming more like manufacturing.<sup>12</sup> More and better machinery and more power are needed on most farms in the interest of efficiency. This calls for short-time credit. But a supply of good machinery requires a fair sized farm for its efficient utilization—hence the need for larger farms and for mortgage credit to make their purchase possible. Upon this subject there are some very illuminating data in Warren and Livermore's *Agricultural Survey* of four townships in Tompkins County, N. Y., from which the following is quoted:<sup>13</sup>

The value of farm machinery increases rapidly with the size of the farm. . . . Anyone who has ever made a list of the necessary farm machinery will see at once how inadequately these small farms are equipped. Yet their machinery costs nearly twice as much per acre as that on the larger farms that have nearly three times as much machinery. Machinery can be used more effectively on large farms. One mower, one hay rake, one tedder, one hay loader, one corn harvester, one grain harvester, one grain drill, one manure spreader, one potato digger, one potato planter, can do their work on a 250 acre farm as readily as on a small farm. Few of the small farms have half of these tools. If a small farm does have nearly all the list, it cannot use them enough to pay for the investment. The more efficient and numerous machines become, the larger our farms should be. It is interesting to notice how many of the tools are of very recent development. Almost half of the value of farm machinery on a well-equipped farm is invested in machinery that has been perfected in the last few years.

Much the same situation exists in regard to an adequate equipment of horses.

<sup>11</sup> *Twelfth Census*, X, p. cxl.

<sup>12</sup> "The farmer was once regarded as a miner whose prosperity depended upon the amount of fertility he could dig out of the soil each year in the form of crops. When the soil was no longer fertile the mine was exhausted, and the farmer had to begin again on new land. . . . The farmer has turned gradually from the mining process to the manufacturing. Land and machinery are his factory and capital; fertility, natural and artificial, his source of power; and crops and animal products his manufactured goods." *Twelfth Census*, V, p. cxxxvi.

<sup>13</sup> *An Agricultural Survey. Townships of Ithaca, Dryden, Danby, and Lansing, Tompkins County, New York*, by G. F. Warren and K. E. Livermore, pp. 419-421. (Ithaca, N. Y.: Cornell University, 1911.)

Three or four horses are the smallest number that can be used efficiently with modern machinery. . . . The small farms have not enough horses to make efficient teams and yet they are over-supplied with horses compared with their area. On these farms there are only 15 acres per horse. On the largest farms, one horse farms three times this area, with no resulting decrease in crop yields. . . . When we consider the cost of keeping a horse we see what a great advantage the larger farms have.

Forces like these are counteracting what is commonly thought of as the normal tendency of agriculture to move toward more intensive cultivation on *small farms*, with the result that the average amount of improved farm land per farm actually increased instead of diminishing in the United States during the last decade.<sup>14</sup> This does not mean less intensive cultivation, in fact quite the contrary; it means more intensive cultivation, but by the efficient utilization of good machinery and of power. It means further, as said above, a demand for mortgage credit for the purpose of enlarging farms—and that, at rapidly increasing farm prices.<sup>15</sup>

The farming population is becoming more settled now that the free lands are practically gone and the frontier has disappeared.<sup>16</sup> The isolation of the farmer is rapidly becoming a thing of the past, with the advent of rural free delivery,<sup>17</sup> rural telephone,<sup>18</sup> the automobile, and the parcels post. The farmer no longer buys gold-bricks nor is duped by fraudulent lightning-rod schemes except in the pages of the comic supplements.

When seeking credit the farmer can offer better security than ever before. His markets are larger, better organized, more

<sup>14</sup> It rose from 72.2 acres per farm to 75.2; although in some geographic sections it fell. *Thirteenth Census, Bulletin on Farms and Farm Property*, p. 19.

<sup>15</sup> *Supra*, p. 859, note 6.

<sup>16</sup> Every census since 1870 has shown a larger percentage of the native population living in state or territory of birth.

<sup>17</sup> The rural free delivery routes have increased from 82 in 1897 to 41,656 in 1911. Rural delivery carriers collected or delivered in 1911 over 300 million tons of mail, representing approximately two and three quarters billion pieces. *Report of the Fourth Assistant Postmaster General, 1911*, pp. 4 and 5.

<sup>18</sup> Reliable figures are not available as to the actual number of farm telephones in operation in the United States, but they are available for Connecticut and Iowa. "... 73 per cent of the farms in Iowa were supplied with telephone service, the statistics including a certain amount of duplication of service, while in Connecticut 58 per cent of the farms were supplied with telephones without competition." *Special Report of Bureau of Census, Telephones, 1907*, p. 79.

certain, and more accessible. The risk of crop failure is less, thanks to the wonderful progress of scientific agriculture. There are few pests which cannot now be readily controlled by the intelligent farmer, who takes time by the forelock. The problem of moisture is growing less serious every year with the improvements in irrigation, dry farming, and the more scientific diversification of crops.

Conditions then point to an increasing need for agricultural credit, and to improving circumstances for its safe development.

It is out of soil such as this that the present agitation for improved agricultural credit facilities has suddenly grown. An investigation of mortgage and agricultural credit in Europe is now being made by the State Department and a comprehensive report on the subject is expected before long. The American Bankers' Association has had a committee to investigate the subject during the past year and at their annual convention in September they devoted a meeting to its discussion. The New York State Bankers' Association has actively taken up the subject, and the President of the Illinois Bankers' Association recently gave to the press a notice containing the statement that "24 State Bankers' Associations have recently in response to our work [*i. e.*, that of the American Bankers' Association] organized standing committees on agriculture to coöperate with our farmers, on whose success ours depends." Much interest has been aroused through the publications of the International Institute of Agriculture, and through the influence of its founder and leading American representative, Mr. David Lubin of California. At the meeting of the Southern Commercial Congress at Louisville in April, Mr. Lubin spoke, and so much interest was aroused that a resolution was passed recommending that "a select committee on rural finance investigation, consisting of one or more, but preferably two, members from each state in the Union, go to Europe in the summer of 1912 [the date was later changed to May, 1913, when the General Assembly of the International Institute of Agriculture meets at Rome], under the general management of the Southern Commercial Congress . . ." <sup>19</sup> Delegates have already been appointed by a number of states. A resolution

<sup>19</sup> *Report to the International Institute of Agriculture on the Conference Held at Nashville, Tenn., April, 1912*, p. 3. This report has been reprinted as S. Doc., No. 855, 62 Cong., 2 Sess.

introduced by Senator Gronna of North Dakota, calling for the appointment of a federal commission to investigate the coöperative banks of Europe, was passed in the United States Senate May 7, 1912,<sup>20</sup> but failed to pass the House. The national platforms of the three leading parties contain planks favoring the improvement of credit facilities for farmers, and the farmers themselves are taking an active interest in the subject in their various organizations. All this to show that the ball is moving, and growing as it moves.

If the time is ripe for a greater use of bank credit in agriculture, how is that credit to be obtained? Broadly speaking four methods may be mentioned, only the last two of which are deserving of much attention at the present time. They are: (1) Establish government agricultural banks; (2) Adopt the Egyptian plan of a government guaranty to an agricultural bank established with private capital; (3) Encourage the farmers to organize coöperative credit societies on some such plan as the Raiffeisen or Schulze-Delitzsch banks of Germany; (4) Utilize more effectively in the interest of the farmer our present banking machinery, and improve it where it is defective.

The suggestion of an agricultural bank owned and operated by government, either state or federal, is not worthy of serious consideration in this country at the present time. The history of such banks both in Europe and America has generally been a disastrous one, although a few have succeeded. Some exist today which are performing useful services to farmers, notably in the line of mortgage credit, among which may be mentioned those of the Australian States and New Zealand,<sup>21</sup> and the recently established one in the Philippine Islands. The success of such institutions is not such as to justify any attempt to establish them in the United States, at least until every reasonable effort has been made to solve the problem by means of private and coöperative effort.

The other plan, commonly known as the Egyptian plan<sup>22</sup> from

<sup>20</sup> *Congressional Record*, p. 6319.

<sup>21</sup> On this subject see the writer's article on "Agricultural Credit" in L. H. Bailey's *Cyclopedia of American Agriculture*, IV, p. 270; and his *Report to the Treasurer of the Philippine Islands on The Advisability of Establishing a Government Agricultural Bank in the Philippine Islands*, pp. 9-11, 151-154.

<sup>22</sup> Cf. E. W. Kemmerer, *Report to the Secretary of War and to the Philippine Commission, on The Agricultural Bank of Egypt*. (Manila, P. I.: 1906. Also published by Bureau of Insular Affairs, Washington, D. C.)

its most important example, seeks to eliminate the evils of a purely government bank and to take advantage of its meritorious features. In Egypt the agricultural bank is owned and financed by private capital; it enjoys, however, a government guaranty of principal and of three per cent interest. Its administrative expenses are kept low by an arrangement with the Egyptian government by which the government tax collectors make collection of instalments on the Bank's loans at the time of the collection of the regular land tax, for which the Bank pays them a small commission. The Agricultural Bank of Egypt has had a phenomenal success, rendering an invaluable service to the Egyptian fellaheen, and at the same time yielding good profits to its owners. It was this type of bank that the United States government authorized established in the Philippines by the act of March 4, 1907, but the interest guaranty of four per cent has so far proved too low to attract capital into the enterprise.<sup>23</sup>

A bank organized on the Egyptian plan is well adapted to do pioneer work among ignorant farmers, where the apparent risks and heavy administrative expenses prevent private capital from entering the field. A government guaranty, however, hardly seems necessary in the United States, and our people would probably look askance at any proposal for a great agricultural bank or banks of this type with branches scattered throughout the country. It is contrary to our banking traditions, and, like the plan for a strictly government bank, should not be thought of until plans for meeting the need by private initiative have been fairly tried and found wanting.

When one considers the question of the improvement of agricultural credit in the United States one instinctively thinks of the coöperative credit banks of the old world, because of their phenomenal success for a half century and more, the simplicity of their structures, the ease with which they may be established, and their ready adaptability to the widely varying conditions found in a great country like the United States. The description of the wonderful success of these institutions as told by Henry W. Wolff in his *People's Banks* reads like a fairy story. Although the success of coöperative banks has been great in nearly every country of Continental Europe nowhere else has it been so great

<sup>23</sup> Cf. E. W. Kemmerer, "An Agricultural Bank for the Philippines," *Yale Review*, November, 1907, pp. 262-279.

as in Germany, the country of their origin, and it is to Germany one naturally turns first for suggestions. There we find four types of coöperative credit banks, *Landschaften*, *Ritterschaften*, *Schulze-Delitzsch* banks and *Raiffeisen* banks. The first two are coöperative associations loaning money on land mortgages,<sup>24</sup> and securing funds largely through the issue of bonds against the collective mortgages. Being concerned with long-time mortgage credit they do not fall within the province of this paper. The other two types of banks deal especially with short-time credit, the one chiefly in the towns and cities, and the other with farmers in the rural communities. It is with the latter that we are most concerned. Let us therefore consider briefly the essential features of the *Raiffeisen* system.

These features are: (1) Organization on the strictly coöperative principle, none but members having the right to borrow, although non-members may make deposits. (2) Limitation of loan operations to a very small area in which all farmers are acquainted with each other. A bank's field of business, the founder believed, should not cover a parish of less than 400 people nor of more than 1500. The banks were to be, therefore, purely neighborhood affairs. There is a sympathetic but well-informed neighborhood opinion which prevents the squandering of loans. (3) Unlimited liability of all members for the debts of the bank, a necessary corollary of which is the provision that membership is obtained only by election by those already members. (4) The working capital of the bank is obtained chiefly from the following sources: (a) Small savings "drawn, either from within the area covered by the bank, in which case it comes both from members and non-members, the former being rewarded where possible at slightly higher rates in order to encourage membership; or from without the area, in which case it of necessity comes from non-members."<sup>25</sup> (b) Loans from the provincial bank of the district, or more importantly from the central bank of the Empire at which the local bank keeps a current account and with which it may rediscount its paper. Funds are also sometimes obtained from other banks or from

<sup>24</sup> The principal provisions of the statutes of the leading mortgage banks of the world are given in the appendices of the writer's *Report on the Advisability of Establishing a Government Agricultural Bank in the Philippines*, Op. cit.

<sup>25</sup> C. R. Fay, *Coöperation at Home and Abroad*, p. 44. (New York: Macmillan, 1908.)



private individuals. (c) A purely nominal share capital which the banks did not originally have, and which they have been forced against their will to issue. The requirement is now usually met by the issue of a few low-priced shares of which no member can hold more than one and upon which no dividend is paid. (d) Two surplus funds called reserve funds; one used exclusively to cover losses, and the other being the principal reserve fund (*Stiftungsfund*), commonly used for "positive improvements, such as the extension of the premises or the establishment of a burial fund."<sup>26</sup> In this fund must be placed two thirds of the annual profits. The fund cannot be distributed among the members, even though the bank be dissolved. In such a case it is held in trust for a time for a new bank, should one be established, and if no such bank is established it must be used for some work of public utility. A recent publication of the International Institute of Agriculture<sup>27</sup> analyzes the total working capital of the rural banks of Germany for the year 1909 as follows:

	AMOUNT IN MARKS	PERCENTAGE
	000,000	
Share capital .....	22.4	1.2
Reserves .....	51.0	2.6
Deposits on current account .....	189.1	9.8
Savings deposits .....	1,455.6	75.2
Other liabilities <sup>28</sup> .....	217.5	11.2
Total working capital .....	1,935.5	100.0

The striking fact brought out by these figures is that out of nearly two billion marks placed at the disposal of farmers, less than<sup>29</sup> 11.2 per cent was furnished by outsiders, while more than 88.8 per cent was provided by the savings and other deposits of the farmers themselves and of the local public. (5) A fifth feature of the Raiffeisen system is that the bank's administrative organization is simple and democratic. Final authority on local questions resides in the general meeting in which every member has one vote. There is elected annually a committee of management consisting usually of five or six directors who meet weekly. As a

<sup>26</sup> Fay, *Coöperation*, etc., p. 44.

<sup>27</sup> *An Outline of the European Coöperative Credit Systems*, pp. 12 and 13.

<sup>28</sup> Under "other liabilities" are included in addition to other items the funds which the banks have borrowed from banks and individual capitalists.

<sup>29</sup> The capital of the district banks and of the central bank came largely from the local banks.

check upon this executive committee there is also elected annually a council of supervision consisting of from six to nine members. A biennial audit is made of the accounts of each bank by an accountant employed by the district or central union. The books of the bank, except the individual deposit ledger, are open to the inspection of all members. Officers of the local banks serve without compensation, except the treasurer who has no vote in the making of loans.<sup>30</sup> The typical Raiffeisen bank is described by Fay<sup>31</sup> as "a small single room, probably at the back of a farm building, opened twice a week and presided over by a single occupant," the treasurer. (6) Advances take two forms: the ordinary loan (of which the name is sufficiently descriptive), and the current account which is similar to the Scotch cash credit. The latter constitute about a third<sup>32</sup> of the total and show a tendency to increase in proportion to the ordinary loans. The period of the ordinary loan varies from six months to three years; and in exceptional cases it may be even longer.<sup>33</sup> Loans are repayable in instalments covering interest and part of the principal, or in lump sums. Banks reserve the right to call a loan on four weeks' notice. The average credit advanced per member is 500 marks, and the average interest rate probably somewhere between four and five per cent. Although mortgage and other collateral security is sometimes accepted, the banks' chief reliance is personal security, and the great bulk of the loans are made on two-name paper.

The Raiffeisen banks are organized into provincial federations with provincial banks at their head, and these in turn into a national federation with a central bank at its head. These provincial banks and the central bank "equalize the need of credit of the individual banks, supplying them with money when required and employing their surplus funds."<sup>34</sup> A large proportion of the German coöperative banks and other coöperative agricultural societies are federated in a single national organization, the National Federation of Darmstadt.<sup>35</sup>

<sup>30</sup> "In 1909 the expenses of management amounted, on the average, to the modest sum of 638 marks per bank." The International Institute of Agriculture, *An Outline* etc., p. 11.

<sup>31</sup> Fay, p. 47.

<sup>32</sup> In 1909 the figures for Germany were: Loans on current account, M 425,995,403 and Loans for fixed periods, M 1,082,446,388. The International Institute of Agriculture, *An Outline*, etc., p. 14.

<sup>33</sup> *Idem.*

<sup>34</sup> *Ibid.*, p. 17.

<sup>35</sup> *Idem.*

Such are the leading features of the greatest agricultural credit system of the world. To the American the surprising thing about it all is that such coöperative credit banks are practically unknown in the United States, although there has been a remarkable development here in recent years of other forms of coöperation among farmers.<sup>36</sup> This surprise is the greater when one bears in mind that "whole counties have been populated in the Northwest by European agriculturists who came from neighborhoods where they were familiar with agricultural coöperative credit, and yet not a society of coöperative credit for these immigrants has been established from the beginning to the present time."<sup>37</sup>

A real beginning in the direction of coöperative agricultural credit was made last year through the influence of the Jewish Agricultural and Industrial Aid Society (174 Second Ave., New York City). Eight "credit unions" have so far been organized by this society, three in 1911 and five in 1912. Each union raised through the sale of shares (\$5.00 per share) to members \$500, and the Aid Society loaned it \$1000 more at 2 per cent interest. Loans are only granted to members for "productive purposes or urgent need." No loan may exceed \$100 nor can it be granted for a period extending over six months. Renewals may be made, but only after a partial payment of the original loan. Loans are made only upon two-name paper but the second name may be that of a non-member. Additional security may be demanded. Although the history of these credit unions has been brief their success has been pronounced. Up to June 30 of this year the average age of these unions was but seven months, yet their reports of that date showed a total membership of 240, shares outstanding amounting to \$4,180, and they had already granted loans aggregating \$17,755.<sup>38</sup>

<sup>36</sup> "Farmers' economic coöperation in the United States has developed enormously during the period under review [1896-1908], and it is safe to say that at the present time more than half of the 6,100,000 farms are represented in economic coöperation; the fraction is much larger if it is based on the total number of medium and better sorts of farmers to which the coöperators mostly belong." The most prominent objects are: Insurance, creameries, cheese factories, coöperative selling organizations of numerous kinds, coöperative buying organizations, coöperative warehouses, coöperative telephones, coöperative irrigation, etc. *Annual Report of the Secretary of Agriculture 1908*, pp. 183, 184.

<sup>37</sup> Quoted from a letter from Mr. George K. Holmes, Statistician of the Department of Agriculture, Washington, D. C.

<sup>38</sup> For information concerning the work of these coöperative credit unions

As previously mentioned,<sup>39</sup> the State Department at Washington, through our American embassies abroad and at the instigation of President Taft, is making an investigation of coöperative credit in Europe. The results are soon to be published and are to be used by the President as a basis of recommendations for some action in this country. Until that report is published it would be premature to make many suggestions concerning the adaptation of the Raiffeisen system, the Schulze-Delitzsch system, or any other system of coöperative agricultural credit to the needs of the United States. What is needed now—and possibly about all that will be needed in the future—is a campaign of education among the farmers themselves rather than one of legislation; although the development of such societies will doubtless be furthered in many states by legislation, such as was recently enacted in Massachusetts (ch. 419, Acts of 1909), freeing them from some of the hampering provisions of the general banking act of the state.<sup>40</sup> Conditions are so widely different in different sections of the country, and among different classes in the same section, that coöperative agricultural credit societies will need to be given a fairly free hand in such matters as limited or unlimited liability, the amount of share capital, receipt of deposits, etc., so that they may adapt themselves to local needs. A reasonable amount of government supervision

the writer is indebted to Mr. Leonard G. Robinson, the General Manager of the Jewish Agricultural and Industrial Aid Society, and the man largely responsible for the founding of these pioneer coöperative agricultural credit societies upon American soil. One of the best accounts of agricultural credit conditions in the United States the writer has seen is an unpublished address on "Scientific Farming and Scientific Financing," by Mr. Robinson, delivered at Cornell University last year. Cf. *Annual Report of the society for 1911*, and *Articles of Association and By-Laws of the Jewish Farmers' Coöperative Credit Unions*.

<sup>39</sup> *Supra*, p. 862. <sup>40</sup> With reference to this subject Mr. Robinson writes: "We encountered considerable difficulty in our organization of these associations because of the lack of legislation on the subject. We were, accordingly, obliged to organize our credit unions as voluntary or unincorporated associations. . . . The only state having any legislation on the subject is Massachusetts. I consider the Massachusetts coöperative credit union law admirable and have no doubt that sooner or later other states will follow in its footsteps. It would seem incredible, however, that, although the Massachusetts law has been on the statute books since 1909, not a single agricultural credit union has been organized."

Up to March 14, 1912, 22 coöperative credit unions had been organized in Massachusetts under the act of 1909, but none of them were among farmers.

on the part of the banking departments of the states seems desirable.

Passing now to the question of the better utilization of our existing banking machinery, we may consider it first from the standpoint of the government, then from that of the banks, and finally from that of the farmers themselves.

The provisions of the national banking act (*Revised Statutes*, sec. 5137) are too rigid in the matter of loans on real estate security. National banks are, of course, intended to be banks for business men, and their assets should be quick assets in so far as their liabilities are quick liabilities. But it should not be overlooked that the modern farmer is a business man, that he needs active credit for the efficient conduct of his current business, and that land is the only kind of collateral many farmers can give that is acceptable to bankers. Many worthy farmers are not willing and some are not able to secure satisfactory endorsers to their paper. Crop liens, except in the South, are not usually very acceptable to banks. The ability of the farmer to give mortgage security to national banks in case of need would often prove a great help. Furthermore, now that a majority of our national banks have savings departments,<sup>41</sup> and that savings deposits might wisely be made withdrawable subject to advance notice, it is not unreasonable that these banks should be permitted to invest at least a substantial part of their savings funds in the same kinds of mortgage securities that are open to the investment of funds of savings banks; provided, of course, that due care be taken to prevent the juggling of accounts between the commercial department and the savings department of the bank.<sup>42</sup>

Another form of desirable legislation in the interest of the farmer consists in the abandonment of our unscientific bond secured bank-note circulation for a scientific system, and in the rendering

<sup>41</sup> Figures compiled by the National Monetary Commission for the year 1909, show that of the 6585 national banks then in the United States (excluding island possessions and Alaska) 3511 reported savings accounts, with a total of nearly two million savings depositors, and savings deposits amounting to approximately \$760,000,000. S. Doc. No. 225, 61 Cong., 2 Sess., pp. 36-39.

<sup>42</sup> The proposal of the National Monetary Commission is certainly conservative enough on this point. It seeks to authorize national banks under proper regulations "to establish savings departments, and to lend . . . not more than 40 per cent of their savings deposits upon productive real estate, such loans not to exceed 50 per cent of the actual value of the property." *Final Report*, sec. 50.

of our deposit currency more elastic. The more the farmer resorts to bank credit as a means of financing his current business the more will he suffer from the seasonal inelasticity of our bank-note and deposit currency. Farming business is preëminently seasonal in character; the farmers over the greater part of the country need funds most at about the same times of the year, *i. e.*, the fall and spring. A great increase in the demand for currency and capital, say in the fall, under an inelastic currency and credit system like our own, means to the farmer, highest interest rates at just the time when he needs most to borrow, greatest scarcity of cash at just the time when his need for cash is the most urgent, and prices depressed by a tight money market at the time of the year when he has most to sell.<sup>43</sup> It is doubtful if any class of people in the country would benefit more from a thoroughgoing reform of our banking system than would the farmers.

The apportionment of responsibility between farmer and banker for their not having gotten together better is an impossible task. Although some exceptions must be made, particularly in the Middle West, as a general proposition neither has appreciated the opportunity which the other offered.

The banker must be brought to realize that one of the best kinds of paper in the world is short-time business paper bearing the names of two responsible farmers. He should be an adviser and friend to the farmer as much as to the city customer. He should make the farmer feel that a productive loan to him is not of the nature of a favor reluctantly granted—as so many farmers complain—but rather a business proposition profitable to both, as gladly given as it is received. He should further coöperate with the local business men in preparing financial ratings of farmers, to fill the gap left by the inability, to be hoped temporary, of mercantile credit agencies to rate farmers as extensively as they do other business men of like capital.<sup>44</sup>

<sup>43</sup> Cf. E. W. Kemmerer, "Seasonal Variations in the Relative Demand for Money and Capital in the United States," pp. 224, 228-231. (*Report of National Monetary Commission*; S. Doc. No. 588, 61 Cong., 2 Sess.)

<sup>44</sup> I am indebted to R. G. Dun and Co., for the following reply to an inquiry on this subject. "It is not practicable to 'rate' farmers exactly as we do traders in merchandise, seeking credit in the wholesale markets. From these traders detailed statements of assets and liabilities are obtained and coupled with the results of our outside investigations.

"We could and do, however, make reports on the financial condition and

The farmer, on the other hand, must be educated by the banker, the press, and the agricultural school and college, to the advantages of credit as a means to the more efficient working of his farm. This should be done with caution for credit is a two-edged sword. The farmer should be encouraged to borrow only when it is very clear that he can use additional capital so productively that it will pay. But what industrious farmer could not use profitably some additional capital every year, could he obtain it at as reasonable rates as does the merchant? The farmer must learn to keep careful accounts. He must be made to realize that the banks are open to him as to other business men, and that the bulk of the country's short-time commercial loans, as likewise of the agricultural loans of Europe, are made on the very same security he is capable of giving, *i. e.*, two-name paper of honest, industrious business men.

E. W. KEMMERER.

*Princeton University.*

general standing of farmers, particularly those whom you refer to as 'well-to-do.' Reports of this character are somewhat more expensive than those on traders, for the reason that we rarely have more than one application for a report on a farmer, whereas inquiries for mercantile reports may average several per name."



## REVIEWS AND NEW BOOKS

### General Works, Theory and Its History

*Theorie der wirtschaftlichen Entwicklung.* By JOSEPH SCHUMPETER. (Leipzig: Verlag von Duncker und Humblot. 1912. Pp. viii, 548. 12 m.)

Economic theory passes through a preliminary stage of development in which it largely concerns itself with terms and basic concepts and in which its discussions have more to do with the dialectical mode of stating truths already known than with positive additions to human knowledge. In its next estate it makes real discoveries. It seeks and finds causes of known conditions and gains a power to answer such questions as, What forces tend to increase the reward of labor and to raise the level of human life? It is theory still, but it studies facts in their causal connection and the causes as well as the facts are of vital interest to humanity.

The recent work of Professor Schumpeter represents this type of research. It is largely a study of capital, interest, and profits, with an incidental inquiry into the causes of commercial crises. All these phenomena it connects with economic evolution, and it studies them as they appear in a world of change and progress. It thus makes an important addition to the limited amount of scientific literature which deals consciously and systematically with what is commonly termed "Economic Dynamics."

Professor Schumpeter recognizes the fact that a determination of static laws and standards furnishes the essential starting point in the search for laws of change and movement. He presents a unique conception of the static state, which will certainly interest readers and stimulate thought, whether it is accepted as correct or not. He reduces the elements which are necessary for production into land, including natural agents, and labor. Given the earth and man, and he will make the earth useful to him by efforts; and this is, of course, production. Empty-handed man working on crude nature can produce—in a rather microscopic amount, indeed—products that directly satisfy wants and constitute the "consumers wealth" of current discussion. Producing much of it requires tools; and when a full stock of these has been made and industry has become highly organized, a condition is created in which a worker gets finished goods day by day as his work proceeds. Each

one of these goods requires time in the making, and yet the producer does not have to wait for them. Laborers are able to eat as they work and the eating is the immediate consequence of the working. This synchronizing of labor and its fruits, as well as the multiplication of the fruits, requires capital; and it may be said, therefore, that capital is a condition of that kind of production which is organized, fruitful, and able to pay as it goes in fully "ripened" goods. Standing around the banks of a seething pool the laborers toss their product into it and at once draw out of it, in finished forms, what they need for daily use.

Whatever of controversy will arise concerning these truths is merely dialectical; but a real question of fact may be asked in this connection, namely, What return would accrue to the capital which accomplishes the results described if industry were in a static state? If this return furnishes a *standard* of dynamic interest—if it represents the amount to which the return for invested capital tends to conform in spite of the influences which make the actual interest vary somewhat from its standard, it is important to know what that static interest is. Professor Schumpeter's answer is that it is "*nil*." Two incomes only would exist if the sources of gain which depend on continual progress were closed. Land would yield rent, labor would secure wages, and the two would absorb the whole product of industry.

According to Professor Schumpeter all the return of capital itself is included in the gross profit accruing, in the first instance, to entrepreneurs. This gain is brought into existence preëminently by new combinations of the factors of production, and the making of these is the special function of the entrepreneur. The new coördinations are an element in progress and therefore a prominent subject of study in a work on economic evolution. The imaginary static state rules out these new coördinations and with them not merely the net profit, or the profit in excess of interest, but the whole profit, including interest. That special return which the investor as such can demand and get is the child of economic dynamics. The payment of it by the entrepreneur constitutes, in a certain sense, a tax on profit, though the circumstances which call for this tax are highly beneficial to the men who pay it. The argument in support of the thesis that no interest would exist in the static state constitutes one of the highly interesting parts of the work.

Dr. Schumpeter is in advance of many other writers in appreciating two classes of truth, one of which, looking at tools, etc. in detail, asserts that each of them involves waiting for its own particular fruits, while the other looks at capital as a great complex of productive instruments and on labor as an organized operation, and asserts that out of it all emerge products fully finished as fast as the labor is applied. He is in a position to discuss in a broad way the full part played, on the one hand, by time as an element in production and, on the other, by capital and organization as, in a sense, the antitheses of time and the synchronizers of labor and consumption. Such actual facts as are at the basis of the brilliant studies of von Böhm-Bawerk by no means contradict other truths concerning the action of capital and organization in maintaining a constant flow of consumers' wealth and in obviating the necessity for allowing an interval to elapse after the collective labor is applied before the fruits of it become available. That work with capital produces *more* than it would do without it and that it gets an *immediate* return instead of a distant one are facts which do not admit of contradiction, though modes of stating them will continue to differ.

Professor Schumpeter's work discusses commercial crises and treats them very properly as dynamic phenomena—the outcome of a certain unbalanced and uneven progress. It draws a distinction between the kind of change which presents no serious problems for solution and the kind which creates such problems. The mere growth of population and enlargement of the fund of capital would call for adaptations which would take place automatically and steadily, while the coördinations made by entrepreneurs cannot act evenly and extend throughout the whole system at once. To the irregularities in the action of such causes crises are chiefly due. In that part of the book which deals with this subject, as well as in other parts, the reader will find himself in a world of reality abounding in critical issues on which the work sheds welcome light.

JOHN BATES CLARK.

*Columbia University.*

*Laws of Wages. An Essay in Statistical Economics.* By HENRY LUDWELL MOORE. (New York: The Macmillan Company. 1911. Pp. viii, 196.)

The author of this essay begins with a number of economic

theories which have been arrived at deductively, and endeavors to test them by statistical data.

The statistical data studied indicate some relation between the cost of the means of subsistence and the wages of unskilled labor, though the coefficient of correlation is only  $r = .306$ . The relation to the "standard of life," as the expression is used by the author, is considerably closer, the net coefficient (after elimination of the money prices factor) being  $\rho = .628$ . In this case, the statistics collected show nothing regarding the truth or falsity of the theory that wages depend on the standard of living. The phrase "standard of living," in economic theory, means that amount of comforts *without which wage-workers will not reproduce their numbers*. Here it seems to mean the amount of comfort which at the time wage-workers happen to enjoy. That the comforts so enjoyed are in some relation to the wages received is what we should expect to find but the statistics given have no bearing upon the standard of living in the sense in which this standard is a determinant of wages, though the author, while admitting too low a correlation to assert cause and effect, appears to think it is that problem he is discussing. The wages of skilled laborers and of unskilled move in unison, the degree of the association being measured by  $\rho = .757$ .

In a chapter on wages and the productivity of labor, it is shown by statistics drawn from the history of coal mining in France that there is a very high degree of correlation ( $r = .843$ ) of wages and the value of the daily product of labor. It is also shown, so far as the industry of coal mining in France is concerned, that the fluctuation in the laborer's share of the product varies with the fluctuation in the amount of machine power per laborer, and therefore, presumably, with the relative amount of capital employed.

Perhaps the most interesting chapter is that entitled, *Wages and Ability*. According to the marginal productivity theory of wages, each wage-earner, and group of wage-earners, receives wages in proportion to his or their productivity, and, therefore, according to efficiency or ability. If this is a true theory, then the distribution of wages in any community, can be plotted on a curve similar to the curve showing distribution of ability. This the writer finds it possible to do in the field investigated.

Statistical study of strikes reveals the fact that there is considerable correlation between success of strikes and control of an

industry by labor unions. This does not prove that success is caused by union control, for success depends also, as the writer points out, on the subject of dispute, and it is possible that the established union is less apt to call strikes when the probabilities of success are low. Strikes for recognition of union and union rules are most likely to be successful.

A study of wages in relation to the concentration of industry (here the figures are drawn from Italian statistics) shows that in establishments of all sizes there is a rapid rise up to the ages of twenty-five to thirty-five years, succeeded by a slow decline, but that in the larger establishments the wages are higher at all ages, while the descent from the maximum is more rapid as old age approaches. This the writer believes to be explainable by the productivity hypothesis. The large establishments, by virtue of their great investment in plant, find it uneconomical to employ any but the most efficient, to whom high wages must be paid. Also, in the large establishments, there are fewer days a year of unemployment, the amount of employment from year to year is less subject to variations, and the working day is shorter.

The last chapter brings together, in a brief general discussion, the conclusions arrived at. On the whole, the book is a stimulating piece of statistical work. It will be fortunate for economic science when it can avail itself of a large mass of such statistical conclusions, both as verification of deductive reasoning and as data for further inference.

HARRY G. BROWN.

*Yale University.*

*History of Economic Thought. A Critical Account of the Origin and Development of the Economic Theories of the Leading Thinkers in the Leading Nations.* By LEWIS H. HANEY. (New York: The Macmillan Company. 1911. Pp. xvii, 567. \$2.00.)

Professor Haney has undertaken a task that no American economist has heretofore dared to attempt—a history of economic thought. For the courage which inspired such an effort, for the labor which its execution involved, there can only be high praise. It is a fine thing to have attacked Parnassus, even though the summit be not scaled.

The nucleus of the book is an unpublished manuscript by Pro-

fessor Ely on the history of political economy. Interest in *Dogmengeschichte* is not the least of Professor Ely's many services to economic study in the United States. The present reviewer gratefully recalls membership—as a yellowing manuscript on “Hobbes as an economist” attests—in a pioneer seminary course on “the economists before Adam Smith” given in Baltimore more years ago than is cheering to determine.

Using the Ely manuscript as a basis Professor Haney has expanded its scope and modified its treatment so materially that although projected originally as a joint composition, the book now appears by mutual consent as of single authorship, but with hearty and generous acknowledgment of indebtedness. This circumstance of origin throws some light upon the quality of the result. It is sometimes easier to write a new book than to revise and amplify an old one. Here the outcome is less than those who know and admire Dr. Haney's work feel satisfied would have resulted had a very much longer period of scholarly research been devoted to the ultimate undertaking, and had minuter preliminary study been made of particular periods of thought before a comprehensive survey was attempted. The reader puts aside this stout volume of five hundred and sixty pages with a haunting regret that its author has not hitched his wagon to a higher star and brought his conspicuous talents to bear upon the illumination of some of the regrettably dark places in the history of economic thought—before attempting the *magnum opus*.

The fact that the book is designed as “a textbook for the growing number of advanced students who study the history of economics,” rather than as an independent treatise, does not absolve responsibility for scientific definitiveness. Be it treatise or manual there will be dissent on the part of many scholars from the proposition which Professor Haney advances: “It is perfectly obvious that no writer of a book of this kind can have read carefully and completely all the works he mentions. Life is too short. Moreover, so to read would be a waste of time, even if life were longer. . . . Works of this kind can sometimes be ‘sampled.’ Traditional views, too, may often be tested in the same way.”

A work planned and executed in this spirit will inevitably fall short in places of scholarly standards. This defect takes the form not so much of positive error as of unconvincing exposition, in those parts where the secondary material available has not been

supplemented by independent inquiry. More serious as affecting accuracy of interpretation and clearness of criticism is an insufficient emphasis upon economic environment. The interrelation of life and thought in the modern era of economic study has been so intricate and intimate that any detached examination of texts is likely to prove arid in presentation and inadequate in result.

But although Professor Haney may not have read all the books to which he refers and has in but few places added by independent research to our pre-existing stock of doctrinal knowledge, he has been no mere student of glosses. In the first nine chapters of his book dealing with the so-called pre-scientific period, there is less intimacy of authorship and the result suffers by comparison with some existing narratives. But Adam Smith once reached, Professor Haney writes with surer hand and his text is in the main pleasing and helpful.

The composition shows throughout marks of haste and of insufficient stylistic revision, and here and there occurs an outright slip. But over and above such incidents there is disclosed ready acquaintance with commentaries, unusual facility in doctrinal synthesis and obvious effort to leave unmentioned nothing that is really essential.

JACOB H. HOLLANDER.

*Johns Hopkins University.*

*Das Verhältnis der Mehrwerttheorien von Karl Marx und Thomas Hodgskin.* By CARL KOEPP. Studien zur Sozial- Wirtschafts- und Verwaltungsgeschichte, 6. (Vienna: Carl Konegen. 1911. Pp. xviii, 289. 7 m.)

There is evidence of a renewed interest in the English socialists of the early nineteenth century, whom, some time ago Professor Foxwell introduced to English readers and Professor Anton Menger to German. German translations have recently been made of the extremely rare works of these writers; M. Halévy has written an interesting and detailed life of Hodgskin, and now we have as a dissertation from the University of Vienna, a careful study of the relations of Hodgskin and Karl Marx. It is possible that the recent growth of socialism in Great Britain is responsible for awakening interest in this group of thinkers, of whom scholars have long been content with only a vague knowledge. It seems more likely, however, in the case of Dr. Koepp, and possibly of most



German scholars, that the original impulse comes from a predominant interest in Karl Marx, and spreads from him to other writers who have relationship with the great German. Dr. Koepp, for example, studies Hodgskin's economics which can be compared with the Marxian theory, and does not enter into a consideration of the Englishman's philosophy of individualism.

Dr. Koepp's dissertation is almost equally divided into two parts: the first a critical comparison of Hodgskin and Marx, and the second a series of translations consisting of parts of Hodgskin's published works, of the closing chapter of Halévy's biography of Hodgskin, and, what is more valuable because the originals are less available, letters from Hodgskin to Francis Place, preserved among the Place manuscripts in the British Museum. Dr. Koepp, therefore, presents to his readers material for a comprehensive estimate of Hodgskin's theories.

It is, of course, the critical portion of the work which has for English readers greater interest. Dr. Koepp introduces his study by a comment on the literature which has gathered about Hodgskin. One begins to suspect from his comments on the opinions of various English writers that the new national rivalry is being reflected into the realms of scholarship, as was the German-French hostility of a generation ago. This suspicion, however, is not borne out by the sober conclusion of the work.

Dr. Koepp's three chapters on value, wages, and interest, he regards only as steps in the examination of the theory of surplus value. His opinions on this subject it seems well to quote somewhat fully. Hodgskin and Marx agree, he finds, in their main contention, namely, that interest, rents and profits are produced by the laborer in unpaid labor time and represent that part of his product which is over and above the means of subsistence. The two theories diverge because Hodgskin lacks a formal and systematic presentation. He has nothing to correspond to the peculiar Marxian terminology and refinements, although Dr. Koepp finds occasional indications of distinctions not consistently adopted, as, for example, between surplus value and profits in the Marxian sense. Hodgskin does not even see the problem Marx toiled so laboriously to solve, namely, that profits accrue equally to the employer of much and of little labor. Marx had read and even quotes Hodgskin, and was undoubtedly much indebted to him. Dr. Koepp points out, however, that if one may say that Hodg-

skin's theory was a corner stone, one cannot say that it was the corner stone of Marx's teaching.

Dr. Koepp employs the method of detail for which German scholarship has been famous. One may hope that in his future work the material will respond more richly to the method. It is to be noted that the employment of German abbreviations where Latin are customary and even where abbreviations are not at all usual, offers an occasional stumbling-block to the foreign reader.

ESTHER LOWENTHAL.

*Smith College.*

*Ausgewählte Lesestücke zum Studium der politischen Oekonomie.*

By KARL DIEHL and PAUL MOMBERT. Volumes II and III. (Karlsruhe: G. Braun. 1911. Pp. vi, 216; viii, 208.)

The first volume (on Money; cf. AMERICAN ECONOMIC REVIEW, December, 1911, p. 802) of Diehl and Mombert's "Selected Readings" has now been followed by volume two, on Wages, and volume three, on Rent. They are on the same plan as the first, except that there is a single comprehensive introduction at the beginning of the volume, in place of the short introductions which in volume one precede the individual selections. This change is an improvement, as it places before the reader not only a summary of the book but a connected (even if sketchy) outline history of the development of economic thought on the particular topic to which the volume is devoted.

The readings on wages seem to fall into two classes; they are either pessimistic or optimistic. This apparently artificial mode of selection is, however, simply a resultant and a recognition of the prominent role which a particular doctrine—the wage-fund theory—has played in economic thinking. If the wage-fund theory was unable to descry the slightest gleam of hope for the wage-earning classes, it is an easy matter to find theories which are equally extreme in the opposite direction. And it is often the pessimism of the one set of theories which has engendered the optimism of the other. Some such consideration has apparently dictated the choice of selections in the present volume.

The book opens with excerpts from James Mill, Senior, and Ricardo, who stand for the wage-fund idea, and a passage from Lassalle's *Offenes Antwortschreiben*, which presents the "iron law" in all its rigidity. So far the gloom is broken only by the views

of Herrmann (seeming very modern for the year 1832), that the source of wages is in the power of consumers to purchase the products of labor.

Selection number six is from Brentano. He feels that the disadvantages of the laborer, instead of being the corollary of an inadequate wage fund, are due to exigencies of the contractual relation, and may be remedied by legislation.

Next in order come the views of Marx as to the progressive impoverishment of the wage-earners as capital accumulates. But the book closes with a burst of optimism from the American, H. C. Carey, to the effect that progress and the growth of capital constantly improve the lot of the man who sells his labor. The volume might have been brought up to date by the inclusion of Professor Clark's optimistic specific-productivity theory.

Volume three, on Rent, begins with Quesnay's *Tableau Economique*, and Adam Smith's views as given in book I, chapter 4, of the *Wealth of Nations*. The Ricardian theory is then exemplified by a passage from Ricardo himself, and one from von Thünen. The views of Mangoldt are given as an attempt at a more generalized rent concept, and Marshall's effort to reconcile new and old—in his doctrine of "quasi-rents"—follows. Selection seven is from Carey, and gives his well-known attack on the Ricardian doctrine.

As the views of Marx on rent are too voluminous for this collection, the authors print an excerpt from Rodbertus as representative of the socialist view. Rent exists as one of the forms under which the value created by labor is appropriated by the landlord. Finally the volume concludes with a characteristic passage from Henry George's *Progress and Poverty*.

The authors of these "Selected Readings" may have considered it impossible to give adequate representation, in any of the three volumes, to the views which are held by economists of the present day. In the first two their failure to do so does not leave the reader with any very serious feeling of incompleteness. But the modern discussion of the rent concept has had so vital a bearing on the Ricardian doctrine, and has had such clear-cut results, that volume three seems to reach only an anti-climax with Rodbertus and Henry George.

The reviewer still feels that such collections are well worth while, but they must always be in a certain sense unsatisfactory because of their inevitable omissions.

Princeton University.

WALTER ADRIANCE.

*Der Wert im Gesetze.* By ERNEST FELDER. (Innsbruck: Verlag der Wagner'schen K. K. Universitätsbuchhandlung. 1912. Pp. viii, 166. 4 m.)

Although intended chiefly for jurists, this work is of interest to economists as showing one phase of the intimate relation that obtains between economics and jurisprudence. A large part of the book is given to a summary of Austrian laws and judicial decisions relating to value, especially in regard to property and contracts. There is, naturally, a lengthy discussion of compensation for damages to property and persons.

Value, as defined by Dr. Felder, is the importance of anything as contributing to the attainment of some end; and the opposite of value is that which prevents such attainment. Ends, therefore, must be classified and arranged in order of importance that law-makers and judges may have a just idea of relative values. For all that, it must be admitted that there is no accurate measure of value other than value in exchange as expressed in price, the money value by which people measure both satisfactions and deprivations. Thus, compensation may be awarded for a breach of contract to marry, and even an offense to honor may be estimated in terms of money.

It is greatly to be regretted that the learned author died while in the midst of his work and that the third part, which was to have dealt with the concept of value in the laws of other countries, was left unfinished.

J. E. LEROSIGNOL.

*University of Nebraska.*

*The Economic Principles of Confucius and his School.* By CHEN HUAN-CHANG. Columbia University Studies in History, Economics and Public Law, Vols. XLIV, XLV. (New York: Longmans, Green and Company. 1911. Pp. xiii, 756. \$5.00.)

This formidable work is wider in scope than its title indicates, for it constitutes a compendium of Chinese economic thought analyzed and grouped according to the structure of modern political economy. Moreover, the numerous comments on economic conditions and changes reflected in the writings of the philosophers throw a great deal of light on Chinese economic history. Offspring of a happy union of Western training and Confucian

scholarship this work will take a unique place in economic literature and will do much to open the eyes of the West to the worth of Chinese thought and the richness of Chinese experience. Many interesting contrasts are brought out between the development and civilization of the white race and that of the yellow race.

The reverent spirit of the author toward the sacred writings of his race causes him to fail at points where frank criticism and evaluation of Chinese doctrines is in order. He is tender with doctrines and policies that are not only unsound now, but were unsound when they were put forth. No doubt, too, he reads into the cryptic utterances of the sage certain modern distinctions that are not there. One wonders that a treatise printed in a western language should date events in Chinese history by the Confucian calendar, the date Anno Domini being given in parenthesis. All these, however, are slight blemishes on a work of high and conscientious scholarship. Western thinkers will be grateful to the devoted Confucian who has made accessible a Chinese system of thought that is not only a political economy, but also an ethics and a sociology.

EDWARD ALSWORTH ROSS.

*The University of Wisconsin.*

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- CONSENTINI, F. *Sociologia: genesi ed evoluzione dei fenomeni sociali.* (Torino: Unione tip. ed. 1912. Pp. 707. 10 l.)
- DUPREEL, E. *Le rapport social. Essai sur l'objet et la méthode de la sociologie.* (Paris: Alcan. 1912. Pp. iv, 304. 5 fr.)
- EHRENBERG, R. *Zur Einführung in die exakt-vergleichende Wirtschaftsforschung.* (Jena: Fischer. 1912. Pp. 106.)
- A collection of articles from "Archiv für exakte Wirtschaftsforschung."
- FISHER, I. *Elementary principles of economics.* (New York: Macmillan. 1912. Pp. xxviii, 531, diagrams. \$2.)
- GRAZIANI, A. *Teorie e fatti economici.* (Torino: Bocca. 1912. Pp. 504. 6 l.)
- HARMS, B. *Volkswirtschaft und Weltwirtschaft. Versuch der Begründ-*

*ung eines Weltwirtschaftslehre. Probleme der Weltwirtschaft, VI.* (Jena: Fischer. 1912. Pp. xv, 495. 14.50 m.)

HERCKENRATH, C. R. C. *Die ökonomischen Bedingungen des sozialen Lebens. Vol. I, Bedürfnis, Genuss und Wert.* (Berlin: J. Schweitzer. 1912. Pp. 188. 4.50 m.)

The book is largely a catalogue, with cursive comments of economic wants and economic goods, together with a rather brief presentation of a theory of value. The author's psychology is essentially hedonistic, and his theory of value is largely that of Jevons, from whom he quotes a good many passages. There is little new, and not much that is interesting, in the book.

B. M. ANDERSON, JR.

KLEINWAECHTER, F. *Das Wesen der städtischen Grundrente.* (Leipzig: Hirschfeld. 1912. Pp. xii, 234. 5.50 m.)

MASIE, J. *The natural rate of interest.* (Baltimore: Johns Hopkins University. 1912. Pp. 56. 50c.)

One of the reprints of economic tracts edited by Professor Hollander.

MOMMEJA, F. *Enquêtes économiques.* (Paris: E. Guilmoto. 4 fr.)

MURRAY, R. A. *Sommari di lezioni di economia politica.* (Florence: Sansoni. 1911. Pp. xv, 198.)

PRIERAM, K. *Die Entstehung der individualistischen Sozialphilosophie.* (Leipzig: Hirschfeld. 1912. Pp. v, 102. 2.80 m.)

QUARITSCH, A. *Kompendium der Nationalökonomie.* Eighth edition. Revised by C. Goesch. (Berlin: W. Weber. 1912. Pp. 192. 3 m.)

RYAN, J. A. *A living wage; its ethical and economic aspects.* With an introduction by R. T. Ely. (New York: Macmillan. 1912. Pp. xvi, 331. 50c.)

SCHULTZE-DELITZSCH, H. *Schriften und Reden.* Volumes I-IV. (Berlin: J. Guttentag. Pp. xxxiv, 2835. 30 m.)

SENSINI, G. *La teoria della "rendita."* (Rome: Ermanno Loescher. 1912. Pp. 469. 10 l.)

Comparison of the doctrines of Ricardo and Carey.

SMART, W. *The distribution of income.* Second edition. (London: Macmillan. 1912. Pp. xix, 345. 3s. 6d.)

TOURNYOL DU CLOS, J. *Les idées financières de Montesquieu.* (Paris: Giard et Briere. 1912. 1.50 fr.)

WAGNER, A. *Lehr- und Handbuch der politischen Oekonomie in einzelnen selbständigen Abteilungen.* (Leipzig: C. F. Winter. 1912. Pp. viii, 243. 5 m.)

## Economic History and Geography

*Weltwirtschaftliche Studien. Vorträge und Aufsätze.* By HERMANN SCHUMACHER. (Leipzig: Verlag von Veit und Comp. 1911. Pp. 574. 12 m.)

Most of the addresses and papers included in the book by Hermann Schumacher have appeared in scientific journals, some of them nearly twenty years ago. Several are the result of extended journeys which the author made in the United States and Eastern Asia in 1893 and again in later years.

One group comprises three papers on money and banking in the United States and Germany (pp. 1-208). The first of these is an excellent general account of the "money panic" of 1907 with special reference to its economic and legislative causes and its European effects. The other two deal with reforms in the German banking system which the panic of 1907 showed to be necessary, and with the concentration of banking in Germany in contrast to its decentralized condition in the United States.

Another group deals with the organization of commerce, including a paper (pp. 430-463) devoted to the organization of foreign commerce in China, shorter papers on the establishment of commercial museums in Germany and of German chambers of commerce abroad, together with an extensive paper (pp. 209-401) devoted to the organization of the grain trade in the United States. Though dating from 1895-1896, this paper presents the best compact, general treatment of the subject known to the reviewer. It would be well worth while for some one to translate this and bring it down to date, using the extensive special literature which has accumulated since 1896.

An important recent paper on the migrations of large scale manufacturing industries in Germany and the United States stands in a class by itself. It may be regarded as an outgrowth of Weber's noted work. Such migrations are interpreted in terms of raw materials, motive power, hand labor, machine labor, transportation and markets, which account for the drift to the periphery in Germany and to the interior in the United States.

A fourth group has to do with shipping and navigation. Here belong two papers on the financial management of inland waterways, and on German shipping interests in the Pacific. Though written before the Panama route had been definitely chosen, considerable attention is given to the probable effects of an interoceanic canal.



Finally, a series of briefer pieces in the appendix is devoted to the educational reactions and implications of modern world economics. The author served, in 1901, as Studiendirektor der Handelshochschule at Köln; and in 1906 as the first Kaiser-Wilhelm Professor at Columbia University, his inaugural address there forming the concluding piece in the volume.

In general the author is interested in practical rather than theoretical matters, the private viewpoint tends to predominate, and the principal underlying idea, which comes clearly to view in the preface, is the promotion of German foreign commerce. The book abounds in clear and vigorous writing, and notwithstanding that many of the papers are rather out of date, it contains much valuable material. Unfortunately there is no index and no table of contents except the chapter titles.

EDWARD VAN DYKE ROBINSON.

*Kritische Studien zur Literatur und Quellenkunde der Wirtschaftsgeschichte.* By KARL BRAUER. (Leipzig: Verlag von Veit und Comp. 1912. Pp. 89. 2.40 m.)

This essay must be judged not as an attempt at a comprehensive survey of the sources and literature of economic history, but rather as more or less fragmentary contributions to the subject, which the author promises to continue in a later publication. It is confined chiefly to the field of German economic history, and singles out in that, for detailed treatment, certain classes of sources, and sources on certain topics (landed property, population, money) to the neglect of others. It will be a useful addition to the working library of any student of European economic history. But it is directed not so much to the reader as to the editor of the sources; and the reader will benefit by it indirectly, if its message reaches the ears of those who are higher up in the hierarchy of scholarship and who determine the form in which the source material appears. The author should receive cordial support in his demands that source collections be provided with indexes of subjects as well as of persons and places; that statistical items be condensed and summarized, and the numbers given in Arabic numerals; and that the editors of land records should do more than they have done to elucidate the topographical questions involved.

Yale University.

CLIVE DAY.

*L'Italia Economica nel 1911.* By RICCARDO BACHI. Published as a supplement to "Riforma Sociale." (Torino: Società Tipografica Editrice Nazionale. 1912. Pp. xvi, 249. 5 l.)

This annual compendium of economic and social developments in Italy deserves wider use. Though ostensibly now in its third year, it somewhat resembles a work published with the same title for two or three years previously, by Pinardi and Schiavi. It valuably supplements the *Annuario Statistico*.

The first half of Professor Bachi's volume deals successively with foreign commerce—shipping, exports and imports in relation to home production; banking—note issue, reserves, various special credit institutions; financial markets—fluctuations of securities and of foreign exchange; wholesale prices for many articles with percental changes from previous years; agricultural and manufacturing output; railways and shipping—extent, direction and kinds of service, rates, company agreements, etc.; labor—unemployment, wages, agreements, strikes, migration; savings institutions; national finance. The information is statistical, descriptive, interpretative; apparently as reliable as possible. Generally statistics are for months as well as for the year, but some ten-year summaries are given.

The second half of the volume deals with the year's changes, or agitated changes, in law, private policy, and institutions. Tariff history and controversies, colonial relations, chamber of commerce reforms, stock exchange problems; legislation on manufacturing, banking, forestry, agriculture; new developments in agricultural and social insurance (for example, an account of the new state life insurance monopoly); the protection of labor; workmen's and employers' associations; coöperation and housing; municipal effort to reduce prices; transportation—such diverse subjects are treated and their salient changes concisely noted, with a sense of balance.

An appendix provides a well-classified list of the year's economic and social literature. To students who, for their knowledge of Italian affairs, have been forced to cull from scattered and ill-edited sources, the volume should be of signal utility.

ROBERT F. FOERSTER.

Harvard University.

#### NEW BOOKS

ALLSOPP, H. *An introduction to English industrial history.* (London: Bell. 1912. Pp. 151. 2s.)

- ASPINALL, A. E. *The British West Indies, their history, resources, and progress.* (London: J. Pitman. 1912. Pp. 448. 7s. 6d.)
- BELL, H. T. M. and WOODHEAD, H. G. W. *The China year-book.* (London: Routledge. 1912. Pp. xxxvi, 463. 10s.)
- BOURGIN, G. and H. *Le régime de l'industrie en France de 1814 à 1880: Recueil de textes publiés pour le Société d'Histoire Contemporaine.* (Paris: Picard. 1912. Pp. xxi, 381. 8 fr.)
- BRUNET, M. *La brèche maritime allemande dans l'Empire colonial anglais.* Preface by M. DUBOIS. (Paris: E. Guilmoto. 1912. Pp. 169. 3.50 fr.)
- BUTLER, C. V. *Social conditions in Oxford.* (London: Sidgwick & Jackson. 1912. Pp. 270. 4s. 6d.)
- G. CAHEN. *Le livre des comptes de la caravane russe à Pékin en 1727-1728.* (Paris: Alcan. 1911. Pp. xii, 143.)
- CAPUS, G. *Les produits coloniaux; origine, production, commerce.* (Paris: Colin. 1912. Pp. xvi, 687, illus. 7 fr.)
- COPPIETERS, D. and VAN ACKERE, J. *Le régime minier du Congo belge.* (Brussels: J. Gomaere. 1911. Pp. 288. 7.50 fr.)
- DECKER, G. P. *The riparian right and power conservation in New York.* (Rochester, N. Y.: G. P. Decker. 1912. Pp. 42. \$1.)
- DOMVILLE, F. C. W. *The United States of Brazil.* (New York: Pott. 1912. Pp. 249. \$2.50.)
- DOPSCH, A. *Die Wirtschaftsentwicklung der Karolingerzeit, vornehmlich in Deutschland.* (Weimar: H. Bohlhaus. 1912. Pp. x, 374. 9 m.)
- ELDER, J. E. *The royal fishery companies of the seventeenth century.* (London: Lechosc. 1912. Pp. 144. 5s.)
- FOSTER, W., editor. *The English factories in India, 1637-1641; a calendar of documents in the India Office, British Museum, and Public Record Office.* Volume VI. Published under the patronage of the Secretary of State for India in Council. (New York: Oxford University Press. 1912. Pp. 46, 339. \$4.15.)
- FRACCARETA, A. *Le forme del progresso economico in Capitanata.* (Naples: Luigi Piero. 1912. Pp. 173.)
- GRUBER, C. *Wirtschaftsgeographie mit eingehender Berücksichtigung Deutschlands.* (Berlin: Teubner. 1912. 2.40 m.)
- GUERIN, L. *Le développement économique de la France.* (Paris: Rousseau. 1912.)
- HASSE, A. R. *Index of economic material in documents of the states of the United States. Ohio, 1784-1904.* Two parts. (Washington: Carnegie Institution. 1912. Pp. 1136. \$14.)
- HEBER, E. A. *Japanische Industriearbeit. Probleme der Weltwirtschaft, VII.* (Jena: Fischer. 1912. Pp. viii, 282. 9 m.)

- HERUBEL, M. A. *La France au travail*. Vol. II. *En suivant les côtes de Dunkerque à Saint-Nazaire*. (Paris: P. Roger et Cie. 1912. 4 fr.)
- KELLER, A. G. and BISHOP, A. L. *Commercial and industrial geography*. (Boston: Ginn. 1912. Pp. v, 357. \$1.)
- KELLCOTT, W. E. *The social direction of human evolution*. (New York: Appleton. 1912. Pp. xi, 249. \$1.50.)  
To be reviewed.
- LATIFI, A. *The industrial Punjab*. (New York: Longmans. 1911. Pp. xxvii, 304. 4s. 6d.)
- LAURENT, T. *Le développement économique de la France. L'industrie métallurgique*. (Paris: Rousseau. 1912.)
- LEVY, R. *Histoire économique de l'industrie cotonnière en Alsace. Etude de sociologie descriptive*. Preface by R. MAUNIER. Paris: Alcan. 1912. Pp. xxv, 318, diagrams. 10 fr.)
- MARION, H. *La dime ecclésiastique en France au XVIII<sup>e</sup> siècle et sa suppression*. (Bordeaux: Imp. de l'Université. 1912. Pp. xx, 403.)
- MARTIN, E. *Histoire politique et financière de l'Angleterre 1046-1912*. (Paris: Alcan. 1912.)
- MARTIN, P. F. *Peru of the twentieth century* (New York: Longmans. 1911. Pp. 348, illus. \$4.20.)
- MCCULLOCH, J. E., compiler. *The call of the new South. Addresses delivered at the Southern Sociological Congress, May 7-10, 1912*. (Nashville, Tenn.: Southern Sociological Congress. 1912. Pp. 378. \$2.)
- MOORE, M. F. *Two select bibliographies of mediaeval historical study*. (London: Constable. 1912. 5s.)  
The second bibliography gives a classified list of works relating to English manorial and agrarian history to the year 1660.
- MYRICK, H. *A national view of southern development*. (New York: Judd. 1912. Pp. 3, 42. 75c.)
- NAYLOR, W. *Trades waste. Its treatment and utilization. With special reference to the prevention of river pollution*. (New York: Van Nostrand. 1912. Pp. 283, illus. \$6.50.)
- NEUMANN, A. *Die Bewegung der Löhne der ländlichen "freien" Arbeiter im Zusammenhang mit der gesamtwirtschaftlichen Entwicklung im Königreich Preussen gegenwärtigen Umfangs vom Ausgang des 18 Jahrhunderts bis 1850*. (Berlin: Parey. 1911. Pp. viii, 400. 7 m.)
- OGG, F. A. *Social progress in contemporary Europe*. (Chautauqua, N. Y.: The Chautauqua Press. 1912. Pp. vii, 368. \$1.50.)
- VON POHLMANN, R. *Geschichte der sozialen Frage und des Sozialis-*

- mus in der antiken Welt*. Two volumes. Second edition, revised and enlarged. (Munich: C. H. Beck. 1912. Pp. xv, 610; xii, 644.)
- PORTER, G. H. *The progress of the nation in its various social and economic relations from the beginning of the 19th century*. New edition, revised and brought up to date by F. W. HIRST. (London: Methuen. 1912. p. 754. 21s.)
- RODWAY, J. *Guiana: British, French, and Dutch*. South American series. (New York: Scribner. 1912.)
- SALMON, S. *An introductory economic history of England*. (New York: Longmans. 1912. Pp. 138. 1s. 6d.)
- TOURNYOL DU CLOS, J. *Les amortissements de la propriété ecclésiastique sous Louis XIII (1639-1640)*. (Paris: Giard et Brière. 1912. Pp. 306.)
- WHIDDEN, G. C. and SCHOFF, W. H. *Pennsylvania and its manifold activities*. (Philadelphia: Twelfth International Congress of Navigation, Wilfred H. Schoff, Chairman Committee on Publications. 1912. Pp. 287.)
- WRIGHT, M. J. *The social evolution of woman*. (Philadelphia: Martin & Allardyce. 1912. Pp. 48. \$1.)
- *The new Canada. A survey of the conditions and problems of the Dominion by the Canadian correspondent of "The Times"*. (London: The Times. 1912. Pp. 118. 1s.)
- *Catalogue of parliamentary papers, 1901-1910. Being a supplement to catalogue of parliamentary papers 1801-1900*. (London: King. 1912. Pp. 81. 5s.)
- *Report of the joint committee of the legislature on the conservation of water*. (Albany: State Department. 1912.)

### Agriculture, Mining, Forestry, and Fisheries

#### NEW BOOKS

- DECUPIS, C. *Le vicende dell' agricoltura e della pastorizia nell' agro romano*. (Rome: Tip. Naz. Bertero. 1911. Pp. 789. 5 l.)
- ELIAS DE MOLINS, J. *La Asociación Cooperación Agrícolas. Estudio social agraria*. (Barcelona: Impr. Barcelonesa. Pp. 371. 6 ptas.)
- FRECH, F. *Deutschlands Steinkohlenfelder und Steinkohlenvorräte*. (Stuttgart: E. Schweizerbart. 1912. Pp. x, 165. 16 m.)
- KEATINGE, G. *Rural economy in the Bombay Deccan*. (London: Longmans. 1912. Pp. xxii, 212. 4s. 6d.)
- MAW, P. T. *Complete yield tables for British woodlands and the finance of British forestry*. (London: Crosty Lockwood. Pp. 120. 7s. 6d.)
- MCLEISH, J. *Mineral production of Canada*. Bulletin 143, Canada Department of Mines. (Ottawa: 1912. Pp. 328.)

- MENARD, A. *Enseignement agricole et ménager, agriculture, hygiène, travaux du ménage*. (Paris: H. Vuibert. 1912. Illus. 1.50 fr.)
- MUELLER, E. *Der Grossgrundbesitz in der Provinz Sachsen. Eine agrarstatistische Untersuchung*. Sammlung nationalökonomischer und statistischer Abhandlungen des staatswissenschaftlichen Seminars zu Halle, 67. (Jena: Fischer. 1912. Pp. vii, 128. 5 m.)
- PETROBELLI, E. *Agricoltura vissuta: ricordi e consigli mese per mese, ordinati ed aggiornati da Arrigo Marchiori*. (Casale: Tip. ditta C. Cassone. 1912. Pp. 493. 5 l.)
- PROTHERO, R. E. *English farming. Past and present*. (New York: Longmans. 1912.)
- RENARD, G. and DULAC, A. *L'évolution industrielle agricole depuis cent cinquante ans*. Collection de l'histoire universelle du travail. (Paris: Alcan. 1912. Pp. 458. 5 fr.)
- SCHMIDT, A. *Cotton growing in India*. (Manchester. 1912. Pp. 113.)
- SKINNER, H. M. and MCCREDIE, A. L., editors. *Library of agriculture. Vol. I, History of agriculture. Vol. II, Crops and crop rotation. Vol. VII, Forestry and landscape gardening*. (Chicago: Cree Pub. Co. 1912.)
- TAMARO, D. *Trattato completo di agricoltura*. (Milano: U. Hoepli. 1912.)
- WEYHMANN, A. *Das lothringische Petroleumbad Walschbronn im 16. Jahrhundert und die Anfänge der elsässischen Bitumen-Industrie. Wirtschaftsgeschichtliche, 2*. (Saarbrücken: A. Weyhmann. 1912. Pp. 54. 1.50 m.)
- *The agricultural output of Great Britain. Report on enquiries made by the Board of Agriculture and Fisheries in connection with the Census of Production Act, 1906*. (London: Wyman. 1912. Pp. 62. 9d.)

## Manufacturing Industries

### NEW BOOKS

- BIELSCHOWSKY, F. *L'industrie textile dans le rayon de Lodz*. (Leipzig: Duncker & Humblot. 1912.)
- BOERNER, A. *Kölner Tabakhandel und Tabakgewerbe, 1628-1910. Veröffentlichungen des Archivs für rheinisch-westfälische Wirtschaftsgeschichte, 2*. (Essen: Baedeker. 1912. Pp. xiii, 249. 6 m.)
- BONNET, J. L. *Les boulangeries et les boucheries municipales et les petits commerçants*. (Paris: Comité exécutif du parti radical. 1912.)

CRAIG, A. *Primer of industry*. (New York: World Book Co. 1912. Pp. 80. 30c.)

TANNER, A. E. *Tobacco from the grower to the smoker*. Pitman's common commodities of commerce. (New York: Pitman. 1912. Pp. 118. 1s. 6d.)

WACHENFELD, H. *Die deutsch-englische Frage unter besonderer Berücksichtigung der Eisenindustrie*. (Lübeck: M. Schmidt. 1912. Pp. 47. 0.60 m.)

————— *The American lumber industry. Official report, 10th annual convention of the National Lumber Manufacturers' Association*. (Chicago: Leonard Bronson, Stock Exchange Bldg. 1912. Pp. 238. \$1.)

————— *Die Schwereisenindustrie im deutschen Zollgebiet, ihre Entwicklung und ihre Arbeiter*. (Stuttgart: A. Schlicke. 1912. Pp. xiv, 631. 7.50 m.)

————— *I, Zuckerindustrie. II, Spiritusindustrie*. Verhandlungen der vom K. K. Handelsministerium veranstalteten Kartellenquete. (Vienna: Hof- und Staatsdruckerei. 1912. Pp. iii, 193; iii, 163. 2.50 m. each.)

### Transportation and Communication

*The American Transportation Question*. By SAMUEL O. DUNN. (New York: D. Appleton and Company. 1912. Pp. xi, 289, vii. \$1.50.)

A great change has taken place in the last ten years in the tone of books devoted to the transportation question. In the period of the seventies, eighties, and nineties, this literature, with few exceptions, had a distinct point to emphasize of a partisan character. The object of the earlier controversy has now been conceded, however, by all parties to the discussion; and no longer is the authority of the state to regulate or even to own the railroads, if it be deemed wise, questioned. This is a great gain in the movement toward constructive legislation. Then authors advocated; now they are content to discuss problems, trying to answer the question of how to deal with them in the wisest way. It is to this class of books that the one under review belongs. It is distinctly a helpful book. As becomes a man who has edited a journal devoted to railway matters, Mr. Dunn argues, and generally conclusively, for a larger and saner attitude toward the regulation of railways. He says in the last chapter of the book,



"To make government regulation of railroads fair and successful, the faulty state on the side of the reactionary that would fall short of, and the faulty state on the side of the radical, that would exceed, what is right must equally be avoided. No right of the public should be left unprotected. But no restriction or burden that the protection of the rights of the public does not clearly require should be placed on the railroad." This is the thesis of the book. The twelve chapters deal with rate-making, discrimination, valuation and profits, efficiency, railways and waterways, and government regulation.

While accepting the principle of what the traffic will bear, Mr. Dunn frankly admits that it is subject to limitation; the rate should be determined between the value of service to the shipper and the additional cost to the railway. The difference between this view and the usual one is the recognition that cost is and must be one of the factors in determining rates, but it is the minimum factor as against the maximum one, the value of the service. The outcome of the author's position is that there must be discrimination in rates involving the problem of when such discrimination is fair and what returns a railroad should have in order that it may give good and adequate service. It follows that all classification is discrimination, and discrimination between places is often forced by economic conditions over which the railroad has no power. As to discrimination between persons the author invokes wider authority for the Interstate Commerce Commission in making minimum rates, and calls attention to the fact that the railroad is often forced into discrimination which it would not willingly commit.

Mr. Dunn rejects as unsatisfactory the various methods of determining the relation of valuation and profits, suggesting in turn the earning of fair rates on total value, including the physical value and the utility of the road to the public. This is, of course, the controversy at issue. How long shall railroads be permitted to capitalize the growth of value made by community development? The statement that they should have the same chances and profits as other private enterprises, is the thing the public has had most feeling about; and involves the definition of public and private business. It would be a wrong inference to suggest that Mr. Dunn looks at the matter wholly from a railroad point of view, but, as in other departments of business, there must be left some incentive

for managers of railroads to work for. Efficiency is more likely to be produced by giving the railroads latitude under such legislation as may be passed, than by holding them to maximum earnings and minimum rates.

In pointing out the difference between the canal service of Europe and the possible use of rivers in America, the author has checked any hasty generalizations that may be made on the use of waterways in America. In Europe the rivers flow in the same direction as the movement of commerce, and freight rates are higher than on our railroads. A big question arises as to the value of expenditures when commerce is not likely to use the improvements if made.

Each chapter indicates care regarding facts and statement of argument; the book is distinctly sane, and shows the railway view at its best.

FRANK L. McVEY.

*University of North Dakota.*

*Railway Transportation. A History of its Economics and its Relation to the State.* By CHARLES LEE RAPER. (New York: G. P. Putnam's Sons. 1912. Pp. 331. \$1.50.)

Professor Raper states in his preface that the chief purpose of his book is to revise and enlarge Hadley's work on *Railroad Transportation*. As was inevitable, however, in bringing to date a book written twenty-seven years ago, the material added has greatly exceeded in quantity the original text. Also considerable portions have been omitted, and all has been rewritten; the final product is essentially new. A comparison between the treatises of President Hadley and Professor Raper shows that both contain concise and systematic accounts of the development of railroads in Europe and in the United States, both agree closely in their discussion of events prior to 1885, and both are critical of the results of public ownership. Summarizing his conclusions after a review of European experience, Professor Raper declares that government operation in general has not paid its way, has not supplied either particularly cheap or excellent service, and is not needed in Great Britain or in the United States to supply a lack of railway facilities or to correct the abuses of private management. Hadley's position a generation before had been substantially the same. On the other hand, Professor Raper has given us a much fuller discussion of

traffic conditions and rate structures in Europe and America than can be found anywhere in Hadley.

The book under review lacks the nervous, epigrammatic style which made the reading of Hadley's work a pleasure, and it lays much less emphasis on points of principle. One searches in vain for illustrations such as those which lend color to Hadley's chapters on Railroad Ownership and Speculation, and Competition and Combination. Some positive criticisms should also be made. There is no mention of the Sherman anti-trust law nor of our recently developed public utilities commissions in the chapter on American railroad regulation. The time-worn fallacy of citing the ratio between operating expenses and operating income as evidence of the cost of railroad operation appears in several places. The comparisons between German and American freight rates are not altogether satisfying. One would like to find more evidence of the truth of the statement that rates for short distances are approximately the same in both countries, in view of the very definite contention on the part of some German writers that rates are lower in Germany for all distances up to 300 or 400 km. The short average haul of 109 km. on German state railroads makes this point of predominant importance. Professor Raper would probably have been slower to criticise Prussian management because its freight cars move during less than four hours out of the twenty-four if he had reflected that freight cars in the United States average only twenty miles a day. In spite of these and similar defects the discussion is both convenient in form and scientific in spirit; it will probably serve better than any other to give the American or English student an idea of the relative conditions of railroad transportation and the course of railroad legislation in his own and other lands.

STUART DAGGETT.

*University of California.*

*Manual of Navigation Laws.* By EDWIN M. BACON. (Chicago: A. C. McClurg and Company. 1912. Pp. 81. 50 cents.)

This little book is a companion to the *Manual of Ship Subsidies* published in 1911, and, like its predecessor, is compact and concise. It sketches the history and present status of navigation laws in various countries: "measures of preference and exclusion by which maritime nations endeavor to protect their native or national

ships in the carrying trade of the sea against foreign competition, and to exclude foreign ships from participating on equal terms with their own marine in their coastal trade or that of the colonies or possessions they may have."

Emphasis is naturally given to the American system and the English system on which it was based. At the end of chapter 5 is a very useful summary of our present navigation laws. Attention is called to the fact that the United States is the only nation not permitting its citizens to buy ships anywhere and register them as national vessels under the national flag. Since the book was written the Panama Canal bill has passed, with a rider permitting us to purchase from foreign shipbuilders, duty free, ships for use in foreign trade.

E. J. CLAPP.

#### NEW BOOKS

CHANDLER, W. *The express service and rates.* (Chicago: La Salle Extension University. 1912. Pp. iv, 207.)

DROELL, H. *Sechzig Jahre hessischer Eisenbahnpolitik 1836-1896.* (Leipzig: Duncker & Humblot. 1912. 7 m.)

JACKMAN, W. J. and others. *Modern railway and steamship lines.* (Minneapolis: University Extension Society. 1912. Pp. 400.)

KRZIVA, A. *Emden und der Dortmund-Ems-Kanal unter besonderer Berücksichtigung ihrer Bedeutung für Import und Export im nieder-rheinisch-westfälischen Industriegebiet.* Probleme der Weltwirtschaft, VIII. (Jena: Fischer. 1912. Pp. xi, 178. 7 m.)

MACBETH, A. D. *The rationale of rates.* (Edinburgh: Hodge. 1912. 2s. 6d.)

MITTRE, V. *Droit commercial des chemins de fer.* (Paris: Berger-Levrault. 1912. Pp. 992. 20 fr.)

PIM, F. W. *The railways and the state.* (London: Unwin. 1912. Pp. 302. 5s.)

SHELTON, W. A. *The lakes-to-the-gulf deep waterway. A study of the proposed channel, terminals, water craft, freight movement, and rail and boat rates.* Reprinted with additions from "The Journal of Political Economy," XX, 6, 7. (Chicago: McClurg. 1912. Pp. x, 133. \$1.)

STUECK, T. *Der Rheinschiffbau am deutschen Rhein und in den Niederlanden.* Münchener volkswirtschaftliche Studien, 117. (Stuttgart: J. G. Cotta. 1912. Pp. ix, 101. 3 m.)

— *Railroad operating costs, arranged to include the operations of 1911.* (New York: Suffern & Son. 1912. Pp. 144. \$2.)

——— *Railroad statistics; comparative operating statistics of fifty-three of the principal railroads in the United States for the four years ending June 30, 1911.* (New York: Price, Waterhouse & Co. 1912. \$1.)

### Trade, Commerce, and Commercial Crises

*Geschichte des Welthandels.* By GEORG SCHMIDT. Aus Natur und Geisteswelt, 118. Second edition. (Leipzig: B. G. Teubner. 1912. Pp. iv, 146. 1.25 m.)

"Sir," said Dr. Johnson, "a woman's preaching is like a dog's walking on his hind legs. It is not done well; but you are surprised to find it done at all." The reviewer must borrow the quotation to express his feeling over the attempt to write the history of the world's commerce, from ancient Egypt to the present day, in this little duodecimo. The book suffers from bad proportion (more space is given to ancient and classical commerce than to the whole nineteenth century); it is not free from faults of theory (the favorable balance of the United States is explained by reference to the variety of natural resources); and it is notably chauvinistic in tone. Yet it does comprise a great many significant facts, and can be recommended on that account to those who want their economic history compressed in pellet form.

CLIVE DAY.

### NEW BOOKS

BARATTI, O. *L'industria e il commercio delle carni congelate nell'Argentina con speciale riguardo al mercato italiano.* (Varazze: Tip. G. Both. 1912. Pp. ix, 124.)

HAERRY, A. *Die Grundlagen des Verkehrs und die historische Entwicklung des Landverkehrs.* Die historische Entwicklung der schweizerischen Verkehrswege, I. (Frauenfeld: Huber & Co. 1911. Pp. 276. 10 m.)

LEXIS, W. *Das Handelswesen, II. Die Effektenbörse und die innere Handelspolitik.* Sammlung Götschen, 297. (Berlin: G. J. Götschen. 1912. Pp. 107.)

MORI, P. *Die Handelsbeziehungen der Schweiz mit den Nachbarstaaten unter besonderer Berücksichtigung des Exporthandels.* (Bern: A. Francke. 1912. Pp. 47. 2 m.)

PILA, F. *Une campagne d'attaché commercial. Les grands marchés d'Extrême-Orient (Japon et Chine).* (Paris: Rivière. 1912. Pp. 258. 3 fr.)

——— *Lectures on British commerce, including finance, insurance, business, and industry.* (London: Pitman. 1912. Pp. 296. 7s. 6d.)

## Accounting, Business Methods, Investments, and the Exchanges

*Report upon the Price of Gas in Chicago.* By EDWARD W. BEMIS.  
(Chicago: Chicago Council Committee on Gas, Oil and Electric  
Light. 1911. Pp. 31.)

This report is a criticism of an earlier investigation on the same subject made by William J. Hagenah for the Chicago Council Committee on Gas, Oil and Electric Light. It illustrates afresh the difficulties encountered in attempting to determine the amount on which a municipal service corporation is entitled to earn a fair rate of return—the central point in rate fixing. Agreement can usually be reached on the valuation of physical property. The allowances to be made for interest and taxes during construction, organization expense, contractor's profits, engineering and the like are at best matters of speculation where the cost of reproduction is the basis, and not book records. The task of arriving at figures for these items is, however, easy, compared to the problem of fixing "going value" or the cost of developing the business. Here calculations are based more or less on pure hypothesis. By the use of different starting points and different rates of interest in the calculation, the most diverse results may be obtained. In this instance the amount arrived at by Mr. Hagenah, some \$15,000,000, is equal to one fourth of the amount on which he would allow the company a return in determining the fairness of the rate for gas. By starting from another and seemingly plausible estimate of the value of the property at the organization of the present company, Mr. Bemis shows that there is no justification at all for any claim for going value—past revenue having more than paid for all legitimate costs of building up the business including a fair return on the property used in behalf of the public.

The method employed in Mr. Hagenah's calculation of going value has received sanction from the Wisconsin commission. It is evident, however, that it must be used with extreme care, else by manipulation of figures any rate could be justified.

H. G. FRIEDMAN.

### NEW BOOKS

AUPETIT, A. and others. *Les grands marchés financiers. Conférences faites à l'Ecole des Sciences politiques.* (Paris: Alcan. 1912. Pp. 342. 3.50 fr.)

A preface by M. Raphael Georges-Lévy outlines the plan of the

- studies which deal with the foremost banking problems as relating to Paris, Berlin, London, and New York.
- BAKER, J. W. *Twentieth century bookkeeping and accounting*. (Cincinnati: Southwestern Pub. Co. 1912. Pp. x, 304. \$1.)
- BARON, A. *Der Haus- und Grundbesitzer in Preussens Städten einst und jetzt*. (Jena: Fischer. 1911. Pp. xii, 154. 4 m.)
- BECCUE, E. *L'internationalisation des capitaux*. (Paris: Coulet et Fils. 1912. Pp. 420. 6 fr.)
- BLOCH, O. *La réforme des bourses de marchandises en France et l'organisation de ces bourses en Allemagne*. (Paris: Rousseau. 1912. 6.75 fr.)
- CROSS, J. A. *Limited liability companies, the law and practice, with the cases and precedents*. (London: Simpkin. 1912. Pp. 640. 10s. 6d.)
- DAY, J. E. *Stock-broker's office organization, management and accounts*. (New York: Pitman. 1912. Pp. 12, 231. \$3.)
- GILBRETH, F. B. *Primer of scientific management*. Introduction by L. D. BRANDEIS. (New York: Van Nostrand. 1912. Pp. viii, 108. \$1.)
- GUILMARD, E. *Le marché libre de la bourse de Paris*. (Paris: P. Rosier. 1912.)
- HARTNESS, J. *Human factor in works management*. (New York: McGraw-Hill. 1912.)
- HEAD, F. D. *The transfer of stocks, shares, and other marketable securities. A manual of the law and practice*. (London: Pitman. 1912. Pp. 220. 5s.)
- HUBERICH, C. H. *The commercial law of Australia and New Zealand*. (London: Sweet & Maxwell. 1912. Pp. 768. 37s. 6d.)  
Reprinted from *The Commercial Laws of the World*.
- HULL, W. H. *Securities based on natural resources*. (Scranton, Pa.: International Textbook Co. 1912. Pp. 7.)  
Reprinted from "Securities Review."
- JOHNSON, G. *Foreign exchange in accounts*. (London: E. Wilson. 1912. Pp. 132. 4s.)
- KNOX, J. S. *Salesmanship and business efficiency*. (Red Wing, Minn.: Red Wing Printing Co. 1912. Pp. 231. \$1.50.)
- LEWIS, J. H. *The Oregon system of water titles*. Bulletin, No. 2. (Salem, Oregon: Pub. Doc. April 15, 1912. Pp. 16, illus.)
- MAURY, F. *Les valeurs françaises depuis dix ans. Leurs résultats. Leurs garanties. Etudes statistiques*. (Paris: Alcan. 1912. Pp. 168. 4 fr.)



- MILLES, R. *La bourse de Paris et la compagnie des agents de change.* (Paris: J. Victorion. 1912. 3.50 fr.)
- MOODY, J. *How to analyze railroad reports.* (New York: Analyses Pub. Co. 1912. Pp. 217. \$2.)
- NAKAMURA, Y. *Law of Japanese landownership in Washington state and United States territories.* Text in Japanese. (Seattle, Wash.: Minosuke Yorita. 1912. Pp. 154. \$1.)
- PASSOW, R., editor. *Materialien für das wirtschaftswissenschaftliche Studium.* Vol. II. *Effektenbörsen.* (Leipzig: B. G. Teubner. 1912. Pp. 148. 2.50 m.)  
To be reviewed.
- REICH, E. *Der Wohnungsmarkt in Berlin von 1840-1910.* Staats- und sozialwissenschaftliche Forschungen, 164. (Leipzig: Duncker & Humblot. 1912. Pp. vii, 160. 4 m.)
- SELDEN, G. C. *Psychology of the stock market.* (New York: Ticker Pub. 1912. Pp. 120. \$1.)
- SIMPSON, THACHER, and BARTLETT. *Compilation of statutes relating to contracts for the conditional sale or lease of railroad rolling stock and equipment.* (New York: Evening Post Job Printing Office. 1912. Pp. ii, 111.)
- TELLER, W. P. and BROWN, H. E. *Modern business methods.* (Chicago: Rand, McNally. 1912. 75c.)
- THOMPSON, J. W. and others. *Indiana forms; forms and precedents for business and conveyancing, including acknowledgments, bankruptcy, cities and towns, corporations etc., thoroughly annotated.* (Indianapolis: Bobbs-Merrill. 1912. Pp. xxxviii, 1142. \$6.)
- TOMPKINS, L. J. *The law of commercial paper.* (New York: A. B. Crockett. 1912. Pp. xlii, 307. \$2.50.)

### Capital and Capitalistic Organization

- A Treatise on Monopolies and Unlawful Combinations or Restraints.* By JOSEPH A. JOYCE. (New York: The Banks Law Publishing Company. 1911. Pp. lxvi, 768. \$6.50.)

This is a lawyer's treatise based upon the common law and the decisions which have been rendered in English and American courts. It discusses all forms of combination, all forms of monopolies, from both the national and the state standpoint. It is particularly full of definitions and statements fortified by a wealth of citations to American and English cases; it not only

treats of the law and its interpretation, but of procedure under the law, of pleading, and of evidence. An appendix contains the opinion of the Supreme Court in the Standard Oil case and the head-notes of the opinion in the Tobacco case. Forty pages are required to list the cases cited and an index of ninety-five pages follows. The book thus has all of the conveniences for ready reference and consultation.

To the economist, this treatise is chiefly interesting as a commentary upon the failure of the courts to keep pace with the progress of economic thought. To illustrate, the following quotation from the decision of the court in the case of the State vs. Duluth Board of Trade (107 Minn. 506) is selected:

To say that a combination restrains trade and prevents competition is a repetition of the same idea—giving two names to the same thing. Whatever prevents competition in trade, necessarily restrains trade.

It is evident that Judge Elliot, who rendered this opinion, is dominated by the precepts of the Middle Ages. Trade is looked upon as a struggle between merchants rather than as a process by which the producer reaches the consumer. According to the idea above quoted, every monopoly granted by a government must restrain trade. The Post Office Department, and the railroads operated by the various governments would further restrain trade, although in each of the cases the policy of the government might in reality promote the usefulness of the post office and railway by an adjustment of rates and operation such that a vast extension of the service would result. The same general attitude is maintained by the law in determining who may sue whenever a combination to restrain and monopolize trade is charged. Only those who can show that their property is injured are legally entitled to bring action. It is assumed, of course, that the state or federal government through its legal department, will conduct the prosecution. Where action is sought through an injunction, it may be brought only through the Attorney-General.

The ideas of the court in regard to railroad competition are particularly illuminating. The constitution of Texas provides that "no railroads . . . or managers of any railroad corporation shall consolidate the stock, property or franchises of such corporation with . . . or in any way control any railroad corporation owning or having in its control a parallel or a competing line" (p. 436). Under such provisions as that quoted the courts gen-

erally hold that a railroad under construction for the purpose of entering into competition with another railroad between two points, is parallel, and after it goes into operation, it is competing. The law as construed by the judges, therefore, has generally encouraged the building of parallel lines, even where it is evident from the economic point of view that the result must be either their final consolidation, bankruptcy or both, or rates sufficiently high to enable them to earn a return upon the fixed investment.

It is interesting to notice, however, that the investigations and conclusions of economists are beginning to have an influence, which is well illustrated in the definitions of monopoly. Until recently, the courts have defined a monopoly as follows:

A monopoly is an institution or allowance by the king, by his grant, commission, or otherwise to any person or persons, bodies politique, or corporate, of or for the sole buying, selling, making, working, or using of anything, whereby any person or persons, bodies politique or corporate, are sought to be restrained of any freedom, or liberty that they had before, or hindered in their lawful trade (4 *Blackstone's Comm.*, 159, quoted on p. 7).

The legal idea has been gradually changing from that of an exclusive privilege conferred upon a few, to the control of a commodity by one organization. This view has recently been affirmed by the federal Supreme Court in defining monopoly as "unified tactics in regard to prices." Other examples might be cited proving the influence of economic thinking upon judicial decisions.

MAURICE H. ROBINSON.

*The Regulation of Municipal Utilities.* Edited by CLYDE LYNDON KING. National Municipal League Series. (New York: D. Appleton and Company. 1912. Pp. ix, 404. \$1.50.)

This work, published under the auspices of the National Municipal League, embodies the more important papers presented to that body, supplemented by a number of articles written especially for this volume. It is, however, more than a collection of essays. Dr. King has supplied a large part of the text, and his general discussion of problems serves to give unity to the book, and to assemble from a number of disconnected articles a general work on the relations of municipalities to their utility corporations.

The book is divided, in effect, into two parts, the essentials of a

franchise policy and regulation by city and state commissions. Emphasis is laid on the organization and work of the commissions of Massachusetts, Wisconsin, and New York. The views here presented embody the advanced thought on control of public utilities, laying stress on indeterminate, and in any event, short-time franchises, and the necessity for public service commissions with large powers to exercise continuous supervision and control. This is, in Dr. King's opinion, the solution of the problem of the city in relation to its utility corporations. The right of the municipality to take over ownership and to operate street railways and other enterprises is needed chiefly as a club to ensure fair dealing by the companies.

The articles, together with Dr. King's chapters, cover a considerable range of subjects. Under the head of discussion concerned with general principles attention may be called to such valuable contributions as Dr. Wilcox's "Elements of a Constructive Franchise" and "Suggestions for a Model Street Railway Franchise Policy"; and to Commissioner Maltbie's paper, "A Rapid Transit Policy for Greater New York." A number of articles deal with local struggles with municipal corporations, the organization and practical work of different commissions, special problems in rate regulation, accounting, etc.

The book necessarily suffers from the manner of its composition; the articles included are of uneven merit both in substance and form. There is inevitably repetition, and on the other hand, some important questions, such as the problem of valuation for rate making, the decisions of the courts, and taxation, receive but scant treatment. In some of the papers dramatic incidents overshadow the principles involved.

The work is none the less welcome as a general discussion of the relations of municipality and utility corporations. Coming after Dr. Delos F. Wilcox's comprehensive study of *Municipal Franchises*, the importance of this volume is in its briefer and more general treatment of the problems. It will doubtless help to educate a larger circle to an appreciation of the importance of municipal utility corporations in urban life, and to stimulate intelligent public interest in the granting of franchises, and in the regulative efforts of public service commissions.

H. G. FRIEDMAN.

*Report of St. Louis Public Service Commission to the Municipal Assembly of St. Louis on Rates for Electric Light and Power.*  
(St. Louis. 1911. Pp. 81, appendices.)

This is a valuable document, illustrating the work of a municipal public service commission in dealing with local utility problems. Among the details of its report the subject of valuation naturally holds the foreground. Attention may be called to the treatment by the commission of the company's claims for real estate, and for intangible items under the head of organization expense, engineering, contractor's profits, interest and taxes during construction, discounts on securities, and particularly the "cost of establishing the business." The diversity of opinion on the value of real estate is an amusing example of "expert" testimony. The commission's criticism of the contentions in behalf of the company under the head of intangible property is eminently sane and fair.

The student interested in corporate evolution will find traced for him in an appendix the story of the consolidations and mergers, out of which the present company developed.

A valuable feature of the document is the report of the chief engineer, reviewing in detail the theories of differential rates for electricity to different classes of consumers and the practical difficulties involved in scientific rate making.

H. G. FRIEDMAN.

NEW BOOKS

CROSS, J. A. *Limited liability companies, the law and practice, with cases and precedents.* (London: Simpkin. 1912. Pp. 640. 10s. 6d.)

DUX. *Die Aluminium-Industrie-Aktiengesellschaft Neuhausen und ihre Konkurrenzgesellschaften.* (Lucerne: I. M. Abbins Erben. 1912. Pp. 92. 1 m.)

FLECHTHEIM, J. *Deutsches Kartellrecht. Vol. I, Die rechtliche Organisation der Kartelle.* (Mannheim: J. Bensheimer's Verlag. 1912. Pp. vi, 214. 5 m.)

GOETZ. *Das Spirituskartell.* Volkswirtschaftliche Abhandlungen der badischen Hochschulen, 7. (Karlsruhe: G. Braun. 1912. Pp. vii, 252. 5.20 m.)

HILLRINGHAUS, A. *Die deutschen Roheisensyndikate in ihrer Entwicklung zu einem allgemeinen Roheisenverbande.* (Leipzig: Duncker und Humblot. 1912. Pp. 115. 8 m.)

LAGARDE, P. and BATARDON, L. *Les sociétés commerciales: en nom*

*collectif, en commandite simple, anonymes, en commandite par actions, en participation, à capital variable.* (Paris: Dunod et Pinat. 1912. 9 fr.)

NEUMANN, M. *Das Reichsmonopol für Petroleum.* (Berlin: Verlag für Fachliteratur. 1912. Pp. 60. 2 m.)

ROTHSCHILD, E. *Kartelle. Gewerkschaften und Genossenschaften nach ihrem innern Zusammenhang im Wirtschaftsleben.* (Berlin: J. Springer. 1912. 4.80 m.)

SMITH, J. B. R. *Nature, organization and management of corporations under "An act concerning corporations (revision of 1896)" of the state of New Jersey, together with the text of the statutes relating thereto, to the end of the legislative session of 1912, with forms and precedents.* (Newark, N. J.: Department of State. 1912. Pp. 383. \$2.50.)

STOECKLE, A. *Spätrömische und byzantinische Zünfte.* (Leipzig: Dieterich. 1911.)

SCHWANDT, J. *Die deutschen Aktien-Gesellschaften im Rechtsverkehr mit Frankreich und England. Verlegung des Sitzes und Rechtsstellung ihrer Niederlassungen im Ausland. Arbeiten zum Handels-Gewerbe- und Landwirtschaftsrecht, 11.* (Marburg: N. G. Elwert's Verlag. 1912. Pp. xxi, 448. 10 m.)

WATROUS, E. *The corporation act of Connecticut, revised and annotated.* (New Haven: Yale University Press. 1912. \$2.25.)

— *Public utility laws and court decisions. Proceedings of the twenty-third annual convention of the National Association of Railway Commissioners.* (Washington: Traffic Service Bureau. 1912. Pp. 1507. \$7.50.)

— *Loi norvégienne du 19 juillet 1910 sur les sociétés anonymes et les sociétés en commandite par actions suivie de la loi du 6 août 1897 sur les obligations au porteur.* (Paris: A. Pedone. 1912.)

### Labor and Labor Organizations

*The Standard Rate in American Trade Unions.* By DAVID A. McCABE. Johns Hopkins University Studies in Historical and Political Science. Series XXX, No. 2. (Baltimore: The Johns Hopkins Press. 1912. Pp. 251.)

The treatment of the subject of this monograph is not as comprehensive as the title would indicate. The breadth of view, however, was purposely narrowed by the author who does not profess to offer a complete view of the standard rate. In his introduction he states his point of view as follows:

In the present study, the standard rate is considered solely as a device for securing effective union participation in the determination of wage rates by union bargaining or by collective enforcement. The standard rate is regarded as a trade-union device, as a piece of union mechanism, and attention is directed entirely toward the question of form and extent of application, and especially to the manner in which it fulfils its purpose of enabling the union to bring its collective strength to bear in behalf of the individual member in the settlement of actual wages.

The author disclaims the intention of discussing any of the social implications of the standard rate, thus leaving out of consideration many of the most interesting phases of the subject. Although much valuable data have been collected, and several important phases are described, it seems to the reviewer that the author has not completed the study of that phase of his intended field dealing with "the manner in which it fulfils its purpose of enabling the union to bring its collective strength to bear in behalf of the individual member in the settlement of wages."

A full description of the administration of the piece scale, under many varying conditions encountered in many different trades, is given in chapter 1. It includes an analysis of the chief features of piece-scale construction as well as an excellent classification and description of the important elements directly affecting the rate of remuneration in various trades. The many examples cited give a convincing picture of the difficulties encountered when attempting to construct a piece scale that can be practically adjusted to the many different conditions existing in any given trade.

In dealing with the standard time rate in chapter 2, the author has come nearer to an analytical discussion of important motives and policies than in any other chapter. There is an ample treatment of the attitude of trade-unions toward the classification of workers on the basis of competency. However, the questions of union policy in regard to premium and bonus systems, and the relation of wages and efficiency, in their bearing upon the power of the trade-union to establish standard rates, deserve at this time a much more thorough consideration than the author has given.

In chapter 3, the area of the standard rate is discussed in its following aspects: the history of the attempts, struggles, failures, and partial successes of various trade-unions to establish and extend the area of the standard rate; the extent to which the uniform rate is now established locally, districtally, and nationally, and an enumeration of many exceptions and variations in partic-



ular trade-unions; and a meager statement of the principles discerned in the policy of the union as to the extension of the area of the uniform rate.

Chapter 4 is given up largely to a classification of the trade-unions from the viewpoint of their attitude toward the system of wage payment, and to a statement and enumeration of those trade-unions which fall into the five different classes.

Throughout the work there is much information concerning the customs of individual unions and their attitudes toward specific policies. It comprises a most eloquent statement of difficulties, irregularities, qualifications, exceptions, interpretations, etc., that must be taken into account when attempting to put into practice anything that approaches uniformity or standardization.

The two chief adverse criticisms have to do with the length and the omissions. The main body of the work is needlessly drawn out; much of the reader's time could have been saved without detracting from the clearness or completeness of the monograph if some of the data embodied in the main part of the page had been put into the footnotes. After making a general statement which covers perhaps a few lines, the author then proceeds to follow it with page after page of data illustrating the statement. An example is found in chapter 3, where, after giving a page and a half to general discussion, he devotes the next forty pages largely to a detailed statement of the struggles of various unions in attempting to extend the area of the standard rate.

H. A. E. CHANDLER.

*University of Arizona.*

*Finding Employment for Children who Leave the Grade Schools to go to Work. Report to the Chicago Woman's Club, The Chicago Association of Collegiate Alumnae and The Woman's City Club. (Chicago School of Civics and Philanthropy, Department of Social Investigation. Russell Sage Foundation. 1912. Pp. 56. 25 cents.)*

In a manner, at once attractive and serious, the social consequences of what might be called the *deformative* years of a child's life are briefly described in the first pages of this report prepared by Sophonisba P. Breckinridge, Edith Abbott, and Anne S. Davis. "At the age when children in a well-to-do family are still treated as children and never allowed to make any important

decision about their future careers, the boy or girl in a poor family is turned loose to find work alone." The three important aspects of the problem are: (1) to discover the opportunities for employment, "educational and disciplinary instead of demoralizing"; (2) to devise the machinery for "fitting the right boy or girl into the right job"; (3) to supervise the child so placed.

The outline proceeds to present the satisfactory results of a small experiment in Chicago with boys from the parental school and girls from settlements, especially the handicapped children, and from the Washburne school—the latter a normal group. The summary on pages ten to eleven of what such practical vocational guidance requires is admirable. Probably the brevity of the experiment accounts for the failure to present many specific suggestions as to methods, especially with regard to relations with school, parent, child, and employer, which would be of inestimable value to others entering upon a similar task. The two convictions produced by the experiment are evidently: (1) the importance of creating trade schools in Chicago; (2) the "great need of undertaking the delicate task of employment supervision . . . a proper function of the school."

That a knowledge of the industries in which children may and should be employed is vital to the successful issue of any child employment bureau is recognized by the experiments undertaken in America and is especially emphasized by the English Juvenile Labour Exchanges. The outline here given of "the opportunities of employment in Chicago open to girls under sixteen" is typical of the sort of working survey which must be made in immediate connection with the bureau. One may query their value to the reader, except for general information, for the indefiniteness of knowledge due to the limited scope of enquiry as to type of work, opportunities, and wage and seasonal conditions bars its utility for actual guidance elsewhere. The fuller studies proposed will surely be invaluable.

Not the least important section of the pamphlet is the outline of the movement for the direction of juvenile employment in England, through the coöperation of the Board of Trade (Labour Exchanges) and the Board of Education (Education Committees). The list of Trade and Technical Classes for Girls in Chicago and the selected bibliography relating to employment supervision supply valuable working data.

*Simmons College, Boston.*

SUSAN M. KINGSBURY.

*The Coal Miner: A Study of his Struggle to Secure Regulated Wages in the Hocking Valley.* By EARL A. SALIERS. (Bethlehem, Pa.: Bethlehem Printing Company. 1912. Pp. 65.)

Dr. Saliers has written a very brief sketch of the struggle of the coal miner in southeastern Ohio. The year, 1884, is held to mark the close of the era of unregulated competition in the coal fields, and the opening of the period of organization and of arbitration. The last third of the monograph is devoted to a consideration of the truck system of payment. Company stores are operated in the Hocking Valley at the present time; but they "probably do not receive more than one half or two thirds of the patronage they formerly commanded."

The Hocking Valley field offers an excellent opportunity for a valuable monograph showing how concentration of ownership and the development of harmonious relations with the coal roads affected the labor situation; but this sketch is altogether too brief. The manner in which outside competition and the competition between mines having coal seams of varying thickness have produced the well-known form of wage agreements between miners and operators, is too hastily presented; and the form of organization and the preamble of the constitution of the United Mine Workers is given an undue proportion of space.

FRANK T. CARLTON.

*Opportunities in School and Industry for Children of the Stockyards District.* By ERNEST L. TALBERT. (Chicago: The University of Chicago Press. 1912. Pp. vi, 64. 28 cents.)

*Mercury Poisoning in the Industries of New York City and Vicinity.* By MRS. LINDON W. BATES, Chairman of Committee upon Dangerous and Unhealthy Industries. (New York: Women's Welfare Department of the National Civic Federation. Pp. 132.)

*Mine Accidents and their Prevention: For the Instruction of Mine Workers. Especially Adapted for the Teaching of English to Non-English Speaking People.* By J. H. DAGUE and S. J. PHILLIPS. (Scranton, Pa.: Delaware, Lackawanna and Western Railroad Co. 1912. Pp. 69.)

These three monographs are indicative of the growing interest in the conservation of human resources. Dr. Talbert's monograph is the first of a series of investigations of the stockyards district

in the city of Chicago carried on under the direction of the University of Chicago settlement. The study "has the advantage of being focused on a limited area and of proceeding from a social settlement" which is in intimate contact with the people and activities of the district. The people studied are recent immigrants of various nationalities. Nearly all of the workers are employed in the stockyards; their work is unskilled and their wages low. Economic pressure, the ignorance of parents and the willingness of children are found to be the chief causes of the exodus from school soon after the age of fourteen years is reached. The typical child of the district leaves school while in the fifth or sixth grade; and the occupation secured, as a rule, leads only to a "blind-alley." The boy or girl usually changes jobs frequently, often with a considerable period of unemployment intervening. The haphazard or "pack-pedlar" methods of obtaining jobs are especially detrimental to impressionable children of fourteen to sixteen years of age.

As the result of this painstaking and valuable investigation, Dr. Talbert offers several suggestions which are worthy of careful consideration: (a) The minimum school age should be raised to sixteen years; (b) Provision should be made for continuation schools for the instruction of young workers; (c) The work of the day school should be reorganized so that its work will "center about occupational and concrete problems and processes"; (d) provision should be made in the public schools for vocational guidance.

Mrs. Bates' study deals chiefly with the manufacture of felt hats which is "the great mercurial industry." Mercury poisoning is easily curable in the early stages; "and the risk of contracting the disease can, in a large measure, be eliminated by simple, prophylactic measures, sanitation being a great aid." But, if not cured in the early stages, it soon causes a rapid decline in the earning power of the victim. A special investigator presents data for 122 cases of mercurial poisoning.

In conclusion, eleven definite recommendations are made for the purpose of regulating industries in which mercury is used. Eight of these relate to sanitary conditions; and regular medical inspection is demanded. The last two recommendations are of especial interest. "Compensation for disease should be a tax upon

the poison-using industry begetting it and profiting from it"; and "the industry should supply insurance for the men working in processes of such unhealthiness that insurance companies decline the risk." The monograph is a welcome addition to our inadequate literature upon industrial diseases.

The little book on mine accidents is an illustrated primer designed to serve a double purpose,—“to make all mine-workers more familiar with safe methods of mining hard coal” in order that the more common accidents may be avoided, and to teach the non-English speaking miner the rudiments of the English language. Two hundred pictures are used to illustrate safe and unsafe methods of mining. The book was prepared by two secretaries of the Y. M. C. A. of Scranton, Pennsylvania.

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*The Legal Position of Trade Unions.* By HENRY H. SCHLOESSER and W. SMITH CLARK. (London: P. S. King and Son. 1912. Pp. xxiv, 268. 10s. 6d.)

This volume is announced as an attempt to present in the utmost detail the position in which trade-unions stand in the law of the United Kingdom, though it is fair to say that these are the words of the publishers and not of the authors. The first chapter presents a survey of the historical development of trade-unions as marked by legislation, with references to some important decisions which were in large measure responsible for the enactment of the laws, and is followed by five chapters not very clearly demarcated: Definition of Trade-Unions and their Powers, Direct Interference with the Disposal of Labor and Capital, Restraint of Trade, Limitation of the Court's Jurisdiction, and Procedure. In an appendix are reproduced the statutes affecting trade-unions, regulations of the Secretary of State, forms and precedents, specimen rules of a registered trade-union, powers of trade-unions under the National Insurance Act of 1911, etc. The book is written in a readable style, is adequately indexed, with analytical side notes and ample citations.

The authors naturally use the Trade Union Act of 1871 as the dividing line, setting forth the effects of the earlier restrictive statutes, as well as of the more recent legislation legalizing picket-

ing and acts done in furtherance of trade disputes which amount to interference with trade, business or employment, and protecting the funds of unions from liability for tortious acts alleged to have been committed by or on behalf of the union. It may be worth while to explain that the chapter on interference with the disposal of labor and capital relates to acts directed to non-members, while that on restraint of trade relates to restrictions on the members themselves by the rules of the unions. How far the courts may intervene in cases involving rights which are fixed by the rules and by the collective agreements of unions is a question that depends largely for its answer on the conclusions reached in the previous discussion on the restraint of trade; while the chapter on procedure is in the main less technical than its heading indicates, and relates closely to the subject of the powers of unions as presented in the second chapter.

The interest of the book turns more largely on its presentation of a condition differing strikingly from our own than upon resemblances. Among the many cases cited but few appear that are familiar as citations in American opinions, and reciprocally there are but few instances where the authors have found occasion to refer to American statutes or decisions.

Far more than in this country the position of trade-unions in Great Britain is determined by legislation instead of by common law, and this legislation is of a type that would be classed by Americans either as advanced or as radical, according to their point of view. An interesting point is found in the quasi-corporate status that was held to be conferred on trade-unions by the act according them certain privileges to follow their registration, and the consequent liability of the union, succeeding which came the Trade Disputes Act, exempting from such liability. It is probable, however, that the limitations set upon this exemption are not clearly understood by all who favor or condemn it, and the liberal space given the discussion of the bounds of civil and criminal liability and showing the effect of motive and circumstance in determining these points is a feature to be commended.

LINDLEY D. CLARK.

*U. S. Bureau of Labor.*

*Ueber die Ernährung und deren Kosten bei deutschen Arbeitern.*

By H. LICHTENFELT. *Massenenverbrauch und Preisbewegung in der Schweiz.* By F. KROMMELBEIN. (Stuttgart: Druck und Verlag von W. Kohlhammer. 1911. Pp. xx, 315. 9 m.)

The volume containing these monographs is the second of the *Basler Volkswirtschaftliche Arbeiten*, edited by Dr. Stephen Bauer. As the titles indicate, the investigations will prove of interest to those working on wage questions, and they have an especial freshness of material and treatment with reference to the minimum wage and the increased cost of living.

A very readable introduction of 20 pages, by Dr. Bauer, reviews previous investigations of movements of wages and food prices, showing early untrustworthiness but an improvement in quality as the inquiries come to be based upon household accounts. After noting some differences between free-trade and tariff-protected countries, Bauer points out that the investigations of Dr. Lichtenfelt and Dr. Krömmelbein attempt to get at the physiological basis of the German workman's sustenance and its cost. The conclusions are that there is a hygienic minimum wage; that underpayment brings sickness, which is a burden to the industry collectively; that this minimum of real wages must be understood; that the amount of increase in price from a tariff policy goes not as protection to the workman, but is a burden to industry; and finally that the more the daily quota of the workman exceeds the hygienic minimum, by so much more is the *Kulturminimum* raised and the work made efficient.

Dr. Lichtenfelt's investigation is based upon inquiries involving some 20,000 laborers of every variety of occupation and in every part of Germany. He works out the amount in weight of food of some twenty varieties needed for an able-bodied man and the proportionate amount needed for other members of a family. Many interesting and valuable tables of statistics show the percentages of weight for the different articles of food and the percentages for the different kinds of nutritive value as proteids, fats, and carbonhydrates. A general conclusion seems to indicate that a larger percentage should be devoted to animal proteids.

In the latter part of the volume we find Dr. Krömmelbein's investigation of the rise in the cost of living as shown in the prices of food products. His work has especial reference to the



city of Basle as typical of Switzerland, being based on the household accounts of four families of that city. The accounts show a large increase in the cost of the necessities of life, especially in the cost of meat. The tables setting forth details fill some 125 pages. They are interesting and are probably typical of most families of the community. In concluding Dr. Krömmelbein sets forth the tariff policy as the only cause of the increased prices, a conclusion which most economists will find entirely inadequate.

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- *Les difficultés entre les compagnies de chemins de fer et leur personnel en Grande-Bretagne depuis 1906.* (Paris: Office du Travail. 1912.)
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- Report on collective agreements between employers and employees giving particulars as to wages, hours of labor, compensation, and provision for settlement of disputes.

### Money, Prices, Credit, and Banking

- The One Pound Note in the History of Banking in Great Britain.*  
By WILLIAM GRAHAM. (Edinburgh: James Thin. 1911. Pp. xiii, 410. 9s.)

This book was first published in 1886, and is reproduced in a

revised and up-to-date form after having been for several years out of print. Its scope is broader than the title indicates. It would not be far from the truth to describe it as a history of banking in Scotland with applications to England of lessons drawn therefrom. The merit of the book consists not so much in the presentation of new facts or new points of view, although both are to be found within its pages, as in the detail and completeness with which it treats the chief phases of Scottish banking history and in particular the utility of the one pound note. Regarding England, the author's conclusion is "that the reasons for the southern antipathy to such a currency (the one pound note) are no longer cogent, and that its introduction into England would strengthen the banking system and benefit national interests."

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per il periodo 1901-1908.* (Rome: tip. Nazionale, di G. Bertero e  
C. 1911. Pp. 322. 3 l.)

### Public Finance, Taxation, and Tariff

*The United States Beet-Sugar Industry and the Tariff.* By ROY  
G. BLAKEY. Columbia University Studies in History, Eco-  
nomics and Public Law, Vol. XLVII, No. 2. (New York:  
Longmans, Green and Company. 1912. Pp. 286. \$2.00.)

Mr. Blakey begins his monograph with introductory chapters  
sketching the history of the beet-sugar industry in Europe and  
in the United States. He then proceeds to a discussion of costs  
in this country and elsewhere, both of beet sugar and of cane sugar,  
which makes up the bulk of the volume. Some brief chapters at

the close take up tariffs and prices, the sugar trust, and freight rates; and a final chapter summarizes the writer's conclusions.

Mr. Blakey's work is carefully done. He has sifted the testimony given before congressional committees, the material issued by the Department of Agriculture, and that in the trade publications. He has had experience of his own in growing sugar-beets, which enables him not only to present figures based on that experience, but to scan critically the statements and figures of others. His general conclusions are that manufacturing cost, *i. e.*, the cost of converting beets into sugar, is roughly the same in the United States as in Europe (Germany), but that the cost of growing beets is higher in this country. The greater cost of beet growing is due chiefly to the large amount of hand labor required and to the higher wages in the United States. Not only German beet sugar, but cane sugar also, in countries like Cuba and Java, can be produced at lower price than beet sugar in the United States. "Free sugar would wipe out most, if not all, of the present domestic beet-sugar industry," and "the consumers of the United States would ultimately [within two or three years] benefit in the matter of lower prices by approximately the full reduction" (p. 257).

On the crucial question whether this would be—setting aside the pains of transition—a regrettable outcome, Mr. Blakey speaks with somewhat uncertain sound. He does not commit himself to any clear-cut opinion on the underlying question of principle. He speaks of "indirect" advantages from the beet-sugar industry; but "the validity of such arguments depends on the assumption that the indirect benefits are worth the subsidies, or protective tariffs" (p. 156). He intimates that a reduction of the duty to one cent a pound could be made without very greatly hurting the beet-sugar makers. But the question whether it is wise to go farther, or even so far, seems to him to call for "scientific" investigation. His concluding chapter argues in favor of a permanent board of experts, which is to secure something better than our present "very inexact knowledge of its [the tariff's] ultimate effect." "The probable improvements and indirect advantages which a thorough investigation might establish would very probably show a net gain in producing beet sugar in this country" (p. 265). No doubt a thorough investigation would help in showing just where the industry stands, and what would happen

if duties were removed or greatly reduced; yet I question whether more specific results on this topic can be reached than are furnished by Mr. Blakey himself. Still more is it to be questioned whether "indirect advantages" could be measured, or even proved to exist, by the most painstaking inquiry. And, finally, the fundamental question, whether there is a gain from producing within the country beet sugar, or anything else, at higher prices than the imported article can be got for, must be settled in my judgment not by elaborate concrete investigation, but by general economic reasoning.

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*Traité de la Science des Finances.* By PAUL LEROY-BEAULIEU. Eighth edition, recast and enlarged. Two volumes. (Paris: Alcan. 1912. Pp. 1011, 61. 25 fr.)

During the thirty-five years that have elapsed since the appearance of the first edition of this well-known treatise, changes in fiscal legislation and conditions have been so numerous and extensive as to require seven revisions of the work, an average of one for each five years. Meanwhile the size of the book has steadily grown, the eighth edition containing at least fifty per cent more material than the first. Despite constant revision, the work preserves its original character as a comprehensive, learned, and clearly written treatise; and in substance of doctrine has not undergone material change. Its author is still an uncompromising individualist, ever ready to tilt against what he considers socialism, whether it takes the form of protectionism or some up-to-date device for regenerating mankind over night.

The eighth edition, like preceding revisions, undertakes to trace the course of recent legislation, and to discuss critically the questions of principle which the changes involve. It is hardly necessary to say, therefore, that the author has had to enlarge considerably the chapters devoted to the industrial domain of states and municipalities, income taxation, inheritance taxes, and progressive taxation; and it occasions no surprise to find new chapters treating of such subjects as double taxation and the unearned-increment tax. With these changes the book has been brought well abreast of recent developments in the theory and practice of finance.



The views of the author are now so well known to students of finance, that it is unnecessary to say much more about the changes than that Leroy-Beaulieu finds no occasion to change the views of a lifetime.

Progressive taxation is still regarded as unsound in theory and vicious in practice, and the experience of various countries in recent years, especially with high progressive taxes on inheritances, is cited in support of this contention. Concerning the application of the principle of diminishing marginal utility to the problem of progression, he concludes: "The basis of taxation ought to be objective and not subjective, which is merely a euphemistic term for arbitrary." The general income tax is as objectionable as ever, and recent French proposals can only have the effect of injuring the very tolerable system of direct taxation that has existed in France since the Revolution, a system which needs only to be revised at some points and extended at a few others. Recent changes in the inheritance tax laws of France, England, and other countries, show a disposition to convert taxation into an agency of confiscation, and recall the practices of the robber barons of the Middle Ages. His discussion of the present extent to which these taxes are being evaded gives point to the suggestion that even taxes on successions should be moderate if they are to be successfully administered. The inheritance tax law enacted by New York in 1911 receives hearty commendation for following this principle, as well as for avoiding double and triple taxation. Democratic governments are always prodigal; while claiming to be philanthropic, they are as warlike as their predecessors; and the results are everywhere in evidence in annual budgets and public debts. Whatever exceptions the critic may take to any of these points, it will do him no harm, and should do him good, to read with care the vigorous and always interesting pages of this veteran economist.

The new chapters devoted to taxation of the unearned increment and double and triple taxation are so brief that they hardly do more than call attention to important questions that now confront the student of finance. Leroy-Beaulieu is opposed to the whole theory of the unearned increment, and believes that the taxes recently introduced in Germany and Great Britain are likely to prove vicious in practice. He questions whether the final incidence will be upon the seller, especially when land is in active

demand; and believes that while it may hasten profit-taking in some cases, it will lead to the holding back of land from the market in others. There is the further danger, from his point of view, that this tax will prove simply the precursor of others aimed to destroy all surplus incomes or wealth. The few pages devoted to double and triple taxation present a little interesting material, but are in no way noteworthy.

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*Untersuchungen zur Geschichte des Objektes direkter Steuern.*

By BRUNO MOLL. (Leipzig: Verlag von Veit und Comp. 1912. Pp. 15. 0.50 m.)

This interesting pamphlet is by the author of *Zur Geschichte der Vermögenssteuern* and *Zur Geschichte der englischen und amerikanischen Vermögenssteuern*. In his introductory paragraphs, Dr. Moll discusses the indefiniteness of the term property tax when used without reference to time and place. He also declares for the idea that strict clearness contends for the development of every history of taxes on the assumption that business revenue or income enters into the determination of the tax. His very brief explanation that this is essential to an estimate of the socio-political significance of a tax is not, however, very convincing.

In his treatment of objects of taxation in German territory up to the end of the fourteenth century, the author emphasizes the preëminence of the hide or land tax, the merely supplementary character of the taxes on movables, and the absence in the country regions of systematic taxes on houses. The hide tax is described as a sort of blanket levy to cover all immovables and to reach the full faculty of the payer. The development of taxation in the towns is treated briefly. The author seems to find an explanation of modern income taxes in the discovery that not every source of income is adequately expressed in the form of visible property.

With reference to England, Dr. Moll states the relation of taxes to the revenue principle, and of movables, up to the seventeenth century, to the capital principle. Only once before 1799, and that was in 1640, did England have anything like a modern income tax. The modern English national economy found revenue from business too vacillating and uncertain.

Taxation in the American states up to 1850 is briefly discussed. The characteristic feature of the American faculty tax lies not in its being satisfied with rough averages instead of accurate individual valuations but in that capital value is the basis of its calculations. The author thinks, however, that the property tax in the American states is to be regarded as a means of taxing income. Where the property tax has an object in visible property as opposed in a way to an object in capital value, the author applies the name "Phantasie-Kapitalien."

It is the reviewer's opinion that Dr. Moll in this pamphlet has unfortunately allowed himself altogether too little space for a fair treatment of his important subject.

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FAMECHON. *Législation des droits de douane.* (Poitiers: Oudin. 1912. Pp. 305.)

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- KITCHENER. *Finances, administration, and condition of Egypt and the Soudan*. (London: King. 1912. 8d.)
- LERIS, P. *Les dettes comparées des villes de France*. (Paris: Alcan. 1912. 2 fr.)
- LINCOLN, W. K. *The inheritance tax law of the state of Illinois*. (Chicago: Barnard & Miller. 1912. Pp. xxii, 476. \$4.50.)
- LIPPERT, G. *Das internationale Finanzrecht. Eine systematische Darstellung der internationalen Finanzrechtsnormen*. (Triest: M. Quidde. 1912. Pp. 1152. 27 m.)
- LOBAN, G. T. *Some principles in the valuation of land and buildings*. (London: Surveyors' Institution. 1912. Pp. 50.)
- MACBETH, A. C. *The rationale of rates: a defence of the system of annual taxation-proportion to rent*. (London: Hodge. 1912. Pp. 132. 2s. 6d.)
- DE MEREUIL, A. M. *Le budget de la fin de l'ancien régime à la Restauration*. (Lille: Camille Robbe. 1912. Pp. 431.)  
An historical monograph on the origin of the French budget, based on a study of the text of laws and of the ideas of the statesmen of the Revolution and the Empire.
- MOLL, B. *Zur Geschichte der englischen und amerikanischen Vermögenssteuern*. (Munich: Duncker und Humblot. 1912. Pp. iii, 100. 3 m.)
- NITTI, F. *Principi di scienza delle finanze*. Fourth edition with corrections and additions especially in the part devoted to monopolies and insurance monopoly. (Naples: Luigi Pierro. 1912. Pp. xv, 1007. 10 l.)
- ORR, J. *Taxation of land values as it affects landowners and others*. (London: King. 1912. Pp. 116. 1s.)
- POOLE, R. L. *The exchequer in the twelfth century*. The Ford lectures, 1911. (London: Frowde. 1912. Pp. 208. 6s. 6d.)  
To be reviewed.
- POST, L. F. *Outlines of lectures on the taxation of land values; and explanation with illustrative charts, notes and answers to typical questions of the land-labor-and-fiscal reform advocated by Henry George*. (Chicago: The Public. 1912. Pp. 145. 30 cents.)
- REIMERS, C. E. *Die deutschen Bühen and ihre Angehörigen: eine Untersuchung über ihre wirtschaftliche Lage*. (Leipzig: Duncker und Humblot. 1911. Pp. xix, 772. 15 m.)

ROSS, P. V. *Inheritance taxation; a treatise on legacy succession and inheritance taxes under the laws of Arkansas, California, Colorado, Connecticut, etc., and former acts of Congress with forms and full text of statutes.* (San Francisco: Bancroft-Whitney Co. 1912. Pp. lxix, 841. \$6.)

SAVARY, H. R. *L'alcool et les nécessités budgétaires.* Reprinted from the "Revue de Paris." (Coulommiers: Paul Brodard. 1912. Pp. 28.)

Believes that a reform of the tax on alcohol would not help in keeping the budget in balance; what is needed is suppression of fraud.

TETZLAFF, O. *Die Steuern und Schulden der preussischen Städte und grösseren Landgemeinden im Rechnungsjahr 1910 und die von ihnen im Rechnungsjahr 1911 erhobenen Zuschläge zu den staatlich-veranlagten direkten Steuern.* (Berlin: Verlag des königl. statist. Landesamts. 1912. Pp. 87. 2 m.)

— *Tax law of the state of New York . . . with all amendments made at the legislative session of 1912, completely indexed.* (New York: Baker, Voorhis & Co. 1912. Pp. 246. \$1.)

— *The economic position of Ireland and its relation to tariff reform. Memorandum by the Tariff Commission.* (London: King. 1912. Pp. 43. 3d.)

— *Taxes in force in England and Wales, Scotland, and Ireland, separately, for each year since 1823, specifying the principal rates and the yield of each tax.* (London: King. 1912. 1s. 2d.)

— *Militaires devant l'impôt. Droits et obligations des officiers et sous-officiers des armées de terre et de mer en matière de contributions directes et de taxes y assimilées.* (Paris: H. Charles-Lavauzelle. 1912. Pp. 76. 1.50 fr.)

### Population and Migration

*An Experiment in Alien Labor.* By E. GEORGE PAYNE. (Chicago: The University of Chicago Press. 1912. Pp. 72. \$.75.)

This study in immigration, originally offered as a doctor's thesis in Germany and now translated and elaborated, presents a critical account of the experiment in the importation of Chinese laborers to the Transvaal in 1904, for indentured service in the mines. There is an interesting discussion of the reasons why native labor has always proved inadequate and unsatisfactory; a brief history of several investigative commissions that proposed no practicable plans of relief; and a slight review of the attempt to supply the increasing demand for cheap labor, created by the

opening of new mines, with Indian coolies. The conclusion is reached that "economic conditions make it impossible to use European white labor" and that the very cheapest grade of labor must be secured if the poorer mines are to be brought into production.

After a decade of public agitation and against considerable opposition, the government finally agreed to permit the mine owners to import Chinese laborers under a system of indenture and special administrative regulations. The coolies were to be strictly confined to the mines and compounds; allowed to perform only unskilled labor; and were forbidden to follow any trade, to acquire any property or to engage in any independent enterprise. The special ordinance passed for their control was directed at preventing escapes and at the suppression of insubordination.

Under this system about 55,000 Chinese were imported in the course of two years by the Agency of the Chamber of Mines and under the supervision of the Transvaal and Chinese governments, the agents receiving a definite sum for each laborer. The author concludes that from the standpoint of the employers, "the coolie demonstrated his competency—his efficiency was equal to that of the whites and double that of the natives"; but that from the standpoint of the state, there was reasonable ground for objection to them. They were producers but not to any great extent consumers, and as the stock in the Transvaal mines is held principally by foreigners, the greater part of the increase from Chinese labor went to foreign lands; and the Chinese were, moreover, unassimilable.

The reasons for the failure of the experiment, which ended abruptly in the repatriation of the coolies after two years, were many, but among those mentioned the more important seem to have been: the careless method of recruiting laborers; the selection of a superintendent who knew only the South China dialects while the coolies came chiefly from North China; and the lack of incentives to good work and good conduct on the part of the laborers—"There were only two possible places for the coolie in the Transvaal, the mine and the prison." Since the managers of the mines did not coöperate happily with the police and the government in the control of the workmen, the shrewd Chinese were able to take advantage of it. The causes of failure are briefly summarized as follows: "For an explanation of the failure of the experiment we must look to other causes than the character of those who took

service in the mines. The causes are to be found in the Importation Ordinance and the effect of its limitations upon the work of the Chinese. The difficulties in the Ordinance were emphasized, moreover, by the character of those who attempted to operate it."

It is unfortunate that in a paper which contains so much valuable information on labor conditions in the Transvaal the historical comparisons with Chinese labor elsewhere should be so incomplete as to be misleading, and a few of the statistics inaccurate. There is no mention of the coolie contract emigration of the last century with the results of which this indenture service might properly be compared; and no notice is taken of the difference in character and capacity between the free emigrants, such as went to California and Australia, and the desperately poor class who are the only laborers in China likely to accept contract service in a foreign land. A few errors in the figures of the Chinese in the United States appear (pp. 6, 7), some of which seem to have been derived from Von Walterhausen's article and which have been corrected by more modern writers. The bibliography does not mention Cowan and Dunlap's exhaustive bibliography of Chinese immigration (1909) which is indispensable to a thorough study.

MARY ROBERTS COOLIDGE.

#### NEW BOOKS

BENINI, R. *La demografia italiana nell' ultimo cinquantennio*. (Rome: R. Accad. dei Lincei. 1911. Pp. 72.)

CASTLE and others. *Heredity and eugenics*. (Chicago: University of Chicago Press. 1912.)

DAVENPORT, C. B. *Heredity in relation to eugenics*. (New York: Holt. 1911. Pp. xi, 298, illus. \$2.)  
To be reviewed.

MUSONI, F. *La popolazione in Friuli. Parte I. Denistà*. (Udine: tip D. Del Bianco. 1912. Pp. 50.)

RUSSELL, R. *Preventable cancer. A statistical research*. (London: Longmans. 1912. Pp. 167. 4s. 6d.)

Statistics of different classes of people in different countries have been examined; and it is shown that there is a greater increase of cancer in rich countries than in poor.

SCHOTT, S. *Die grossstädtischen Agglomerationen des Deutschen Reichs 1871-1910*. Schriften des Verbandes deutscher Städtetastitiker, 1. (Breslau: W. G. Korn. 1912. Pp. iv, 130. 3.40 m.)  
To be reviewed.



STRUPP, K. *L'immigration japonaise aux Etats-Unis.* (Paris: Pedone. 1912. 1.25 fr.)

WORMS, R. *La sexualité dans le naissances françaises.* Bibliothèque Sociologique Internationale, XLIX. (Paris: Giard et Brière. 1912. 4.50 fr.)

— *Infant mortality and milk stations. Special report of the New York Milk Committee.* (New York. 1912. \$1.)

— *Problems in eugenics. Papers communicated to the first international eugenics congress held at the University of London, July 24th to 30th, 1912.* (London: The Eugenics Education Society. 1912. Pp. xix, 496. 8s. 6d.)

To be reviewed.

— *Table de mortalité des Japonais.* (Tokio: Imperial Bureau of General Statistics. 1912.)

— *Ueber den Einfluss von Beruf und Lebensstellung auf die Todesursachen in Halle a. S. 1901-1909.* (Halle a. S.: Gebauer-Schwetschke. 1912. Pp. v, 163. 1.50 m.)

### Social Problems and Reforms

*Old Age Dependency in the United States. A Complete Survey of the Pension Movement.* By LEE WELLING SQUIER. (New York: The Macmillan Company. 1912. Pp. xii, 360. \$1.50.)

This is the first book to appear upon its theme. In part valuable, it is yet seriously disappointing in some important respects. A word first as to its value. The author, desiring to learn what efforts at systematic provision for old age have been made in the United States, wrote nearly two thousand letters to "corporations, employers, states, cities," etc., and thereby secured very interesting material for chapters dealing specifically with the efforts of industrial establishments and of transportation companies. Much of what he offers here is not elsewhere readily accessible. The chapters on teachers' retirement funds and on municipal provisions also contain new matter upon divers schemes, conveniently brought under one view. The chapters on labor organizations, fraternal societies, and government pensions have a secondary origin.

So much, dealing with Efforts at Relief, is really the middle part of the book. A previous part is on the Causes of Old Age Dependency, found to be two, misfortune and low wages. The former cause turns out to be chiefly accidents, illness and unemployment, three causes of destitution so tangible that they can really to an important extent be dealt with directly, as foreign

experience now so abundantly shows and as our own is just beginning to show. Until these have been dealt with according to their own character, it seems a little *gauche* to urge, in respect of them, a treatment for old age. Immigration is mentioned, with no clear sense of its operation, in connection with unemployment. Yet it is excluded from the discussion of "low wages," the second cause of old-age dependency, despite the fact that those of our workmen who, almost as a class, receive low wages are our immigrants. In general this part of the book is hardly the author's reasoning as to the causes of old-age dependency. His case frequently rests on the very disputable opinions and authority, cited en bloc, of other persons. Minor objections to this part are an inaccurate reading (p. 25) of Warner's *American Charities*, and the citation (p. 28) for "a typical savings bank in Massachusetts" of figures now *forty years old* to show that "the average deposit of wage-earners" is "less than seventy-five dollars"!

The final section of the book may go far to obscure rather than to illuminate the problem of the treatment of old age. So far as they go, the chapters here on individual thrift and on pensions by purchase (insurance companies' annuities, deductions from wages, state annuities), cannot, as descriptions at least, be complained of. Yet they do not go far enough. Too soon we read "From an impartial, thorough-going study of the problem in all its phases, the conclusion is inevitable that the country must provide a system of service pensions for its old and worn-out citizens. . . . The sentiment of the whole wide world in dealing with this problem is that 'service pensions' are the only possible prevention" (pp. 318, 319). Parenthetically it may be contended that outright pensions may signify but they do not "prevent" dependency; though this last part of the book, styled *Plans for Prevention*, is contrasted with the previous part, *Efforts at Relief*. The "wide world" of established service pensions is England, New Zealand, and Australia; the reviewer would add Denmark, correctly described by the author (p. 300), but presently classified with the countries of contributory systems (p. 326).

The doubt as to the "thoroughgoing study of the problem in all its phases" rests on the author's neglect of the contributory systems, especially the two great compulsory systems. To France, whose law has so recently gone into effect that its working could not be studied, three pages are given. Germany, for which twenty

years' experience could be studied, receives "great praise for early leadership" (p. 300), and two pages. Yet even the two pages are not the author's digest of thorough study; they are "a summary . . . received through the courtesy" of the consul-general of Hamburg, "under date of August 28, 1911" and "given in full." Thus Goethe's birthday is celebrated, but the consul's summary is at least gravely in error when it holds that insurance is not compulsory for persons earning over \$476. "Un-American, unnecessary and well-nigh foolish" (p. 330) would be an insurance system, chiefly because of the "withdrawal of this immense sum from the capital of the country, needed in its industrial development and welfare" (p. 330), a withdrawal quite as disastrous, no doubt, as that of the four billion dollars and more locked away (presumably) at this moment by our savings banks. German experience, if not economic logic, might have steered the author past this rock. His bibliography includes no foreign titles; yet, within the last three years, at least three good descriptions of the German scheme have appeared conveniently in English.

It is a pity that a book whose general spirit is so admirable should fail grievously through biased preparation and loose economic thinking.

ROBERT F. FOERSTER.

*Harvard University.*

*The Record of a City. A Social Survey of Lowell, Massachusetts.*

By GEORGE F. KENNGOTT. (New York: The Macmillan Company. 1912. Pp. xiv, 256. \$3.00.)

In this volume is given both a history of the city and a record of its present condition and activities. A study is made of the nationality and vital statistics of the population as constituted in 1900. Then follow chapters devoted to the housing of the working population and the health and standard of living of the people. An immense amount of work has been done upon these chapters. It is doubtful whether the crude death-rate gives an accurate picture of the healthfulness of the different nationalities and whether the question of a standard of living can be adequately discussed from less than three hundred family budgets collected for a week. There are chapters upon the industrial condition, the social institutions, and the recreations of the people. The work

for the most part seems to have been carefully done and Lowell is fortunate in having such a complete record of its activities.

W. B. B.

*National Housing Association. Proceedings of the First National Housing Conference held in New York, June 3, 5 and 6, 1911. Proceedings of the Academy of Political Science in the City of New York, Vol. II, No. 3. (New York. 1912. Pp. viii, 236.)*

The subjects of this collection of papers, concise and practical especially on the sanitary side of the housing problem, indicate fairly the range of the discussion. The opening address on A Housing Program, by Lawrence Veiller, is followed by special articles upon sanitary inspection, alleys, privy vaults, garbage and rubbish, the problems of the small house, the housing conditions of small towns, housing reform through legislation, law enforcement, and the tenant's responsibility, each prepared either by city health officials or prominent officers of private associations concerned with housing reform. The discussion following each paper is recorded and is frequently illuminating.

The "Proceedings" contain no contribution to economic or social science. Except for a comprehensive address on City Planning and Housing, by Frederick Law Olmsted, the larger aspects of the housing problem are neglected. There is no consideration of the relation of the problem to taxation, land values, land ownership, credit systems, transit improvement, co-partnership of tenants, the decentralization of industry, or experimentation in the materials and forms of construction. The chief value of the volume lies in the spirited treatment of practical and urgent sanitary problems by men and women actively interested in health conditions and health legislation and its enforcement.

J. FORD.

*Harvard University.*

*Penal Servitude.* By E. STAGG WHITIN. (New York: National Committee on Prison Labor. 1912. Pp. iii, 162, viii. \$1.50.)

While the American Institute of Criminal Law and Criminology is making available in English the best modern treatises on criminal science by Continental psychologists, philosophers, psychiatrists, and students of criminal law, it is important that there should be

available also an authoritative statement of the latest thought in this country on penology. To make such a statement is the purpose of *Penal Servitude*. In the words of its author, this book "is but a brief summary of the findings of the National Committee on Prison Labor." This committee is a voluntary association having headquarters in New York City, incorporated about three years ago as a result of suggestions coming from John Williams, Commissioner of Labor of the State of New York, and from ex-Governor Hughes. Its work is characterized as one of propaganda; it "defines the underlying principles upon which reform must be based," secures discussion of these principles, and recommends legislation "based on thorough investigation of local conditions" (p. 96). The author of the book is secretary of the committee and is also assistant in social legislation at Columbia University.

The volume is not concerned with the causes of crime, as they originate in physical defects, mental abnormalities, or economic want; it does not discuss the law and court procedure by which crime is sought to be repressed; it makes no theoretical argument for individualization of punishment, though that is plainly taken for granted. It is an attempt to put vividly, by anecdote and argument, the economic and political conditions attending penal treatment in this country today, and the economic and educational answers to the question, What is the best punitive system now obtainable?

Starting with an economic interpretation of the history of punishment, the author quickly concludes that it is the economic value of the labor of the wayward individual that has led to the lease and contract systems of convict labor or to prison production under individual enterprise. It is the desire of the state to realize profits on its convicts that has made the criminal serving his term an economic slave; his body has been owned, he has been forced to labor without choice of occupation, and has been paid practically nothing in return for work.

Present-day ethics, the author thinks, will not much longer endure the existence of slavery or involuntary servitude, even as punishment for crime. Accepting the term "servitude" in the sense suggested in the preceding paragraph, one cannot question that Dr. Whitin has correctly interpreted the tendency of penal reform today and that his hope for the future is entirely well-

founded. The way for the state to break down the slave system, he continues, is to take over its prison industries, to adopt the "state-use" plan of distributing the products, to allow each convict to choose that type of labor suited to his own needs, inclination or capacity, and then to pay him a just return for his work. Each of these steps has been taken in whole or in part by one or more of our own states. New York adopted the "state-use" system of production and distribution in 1894 and this system has since spread to other states. In fewer instances has the prisoner been extended much choice as to the type of labor he should pursue, while the payment of an adequate wage has been experimented with variously. An appendix to the present volume contains instances of legislation on each of these points. To Dr. Whitin's optimism regarding the "state-use" system the common objection may be made that so far this has been a financial failure. The reply is double-edged: the human wastage of private industry in our prisons has been in any sane view a greater financial failure; the reformation of the criminal and protection of society are not readily strait-jacketed in a dollar mark. Let society tax itself, if need be.

The industrial training given the criminal, Dr. Whitin argues, should be that which will enable him to earn a livelihood in his own locality after release. That this is essential to reformation must be the view of those who are familiar with the widespread prison practice of setting convicts to work at shirt-making or in a hollow-ware factory, the first of which is exclusively women's labor and the second of which is a monopolized prison industry.<sup>1</sup>

This program, the author points out, meets also the requirements of education. It enlists the interest and hope of the prisoner, enabling him to work to some attainable end. The objection that a conflict would arise when a state tried to produce only what it could consume and at the same time to supply labor suited to the talents of every individual behind prison walls is met by the suggestion that an interstate exchange of products be effected, thus enlarging tremendously the range of occupations legitimately open to each prison. This is an ingenious plan the soundness of which only experimentation can demonstrate. On the administrative side, now sadly out of gear through political influence, the author

<sup>1</sup> "The Man in the Cage," by Julian Leavitt, in *The American Magazine*, January 1912.

argues for centralized authority, so definite in form that responsibility may be accurately located. There should be also, he urges, some method of recall by which prison administrators may be made to respond to the highest standards of moral action for which the community stands.

Dr. Whitin is too familiar with actual conditions to be academic; he is, perhaps, too engrossed with them to be quite scholarly. Yet there is a degree of detachment and inductive reasoning in this book which should be welcomed in a country where penological practice has been too long left to "spoilsmen" and where popular thought on society's obligation to its law-breakers has been too much moulded by the vapidities of maladministrators and the interested misstatements of speculators in cheap labor.

Two defects in the book cannot go unnoticed. One is an excessive use of italics, carried to such extreme that the reader's eye hurries over the emphasized portions as rapidly as over the rest of the page. The other is loose writing which at times involves the author in vagueness and even misstatement of fact. An example is:

Despite the grandeur of our penitentiary system, the exploitation for private gain of its inmates has continued, so that while the state has slowly but surely come to control the industries of its children, the control of its convict industries is still a new thought in many states today. (p. 6.)

The state, of course, does not control industries in which children are employed in the same sense in which Dr. Whitin desires it to control prison industries. It only regulates the former to a limited extent.

WINTHROP D. LANE.

*Staff of The Survey.*

*Unemployment. A Social Study.* By B. SEEBOHM ROWNTREE and BRUNO LASKER. (New York: The Macmillan Company. 1911. Pp. xx, 311. \$1.60.)

In this volume the authors summarize the results of a most interesting intensive study of a group of 1278 persons found unemployed in the city of York, England, on a given day in June, 1910. If the results of such a study made in a relatively small English city (82,000 inhabitants) may seem to have but slight interest for students of industrial conditions in America, a reading



of the first and perhaps most valuable chapter upon the unemployed youths will suffice to correct an erroneous impression. In it are vivid pictures of the way in which the lack of vocational training, "dead-end" occupations, and unsteady employment are side-tracking youths to the industrial scrap-heap; all of which will be as useful for study here as in England. A strong word for some scheme of vocational training and guidance follows, which is in line with one of the recommendations made in the *Minority Report on the Poor Laws*; but it may be questioned how far the suggestion of compulsory attendance of boys, from fifteen to nineteen, at training schools would prove to be practical for widespread adoption.

It is quite significant that when the groups of irregular and casual workers and the "work-shy" are studied in the succeeding chapters, we see in a large majority of the men but the product of youth neglected or ill-fitted for industry—still further evidence of the importance of dealing with this problem in its earlier stages.

Six definite suggestions for reform are given:

1. Better training for youths.
2. Regulation of work of public bodies.
3. Afforestation.
4. Decasualisation of labor.
5. Insurance.
6. Decentralisation of town populations.

The first, to which reference has already been made, seems most important and useful, while much may be said in favor of the measures suggested in the second and fourth. The writers are less convincing when outlining a rather carefully thought-out plan of afforestation (the third), and when urging (under the sixth) the possibility of duplicating Belgian conditions. Moreover, they are inclined to look for a larger measure of help from labor exchanges than seems to be justified by experience with such agencies.

Nevertheless, in the facts which are adduced in support of all these proposals is to be found material of much value for revealing sub-surface conditions among the workers, to a public that has been all too ready to attribute to frailty and perverseness the responsibility for industrial inefficiency and suffering.

WILLIAM H. PEAR.

*Boston Provident Association.*

## NEW BOOKS

- BRECKINRIDGE, S. P. and ABBOTT, E. *The delinquent child and the home.* (New York: Charities Publication Committee. 1912. Pp. x, 355. \$2.)
- BROCKWAY, Z. R. *Fifty years of prison service; an autobiography.* (New York: Charities Publication Committee. 1912. Pp. xiii, 437. \$1.20.)
- CASSON, W. A. *The housing, town planning, etc., act, 1909.* Third edition. (London: King. 1912. 10s. 6d.)
- CRAWSHAW, F. D. *Manual arts for vocational ends.* (Peoria, Ill.: Manual Arts Press. 1912. Pp. 99. 85c.)
- ENKE, E. *Private, genossenschaftliche und städtische Wohnungspolitik in Essen a.R. vom Anfang des 19. Jahrhundert bis zur Gegenwart.* Tübinger staatswissenschaftliche Abhandlungen, 25. (Stuttgart: F. Enke. 1912. Pp. xiv, 251. 10 m.)
- ELLIS, H. *The task of social hygiene.* (Boston: Houghton Mifflin. 1912. Pp. 414. \$2.50.)  
To be reviewed.
- HERTZKA, T. *Das soziale problem.* (Berlin: G. Reimer. 1912. Pp. xii, 357. 6 m.)
- KERR, G. *The path of social progress. A discussion of old and new ideas in social reform.* (London: Nelson. 1912. Pp. viii, 364. 2s.)
- LANG, O. *Zur Lösung der Wohnungsfrage in Oesterreich. Erfordernisbauten und Baupflicht.* New edition. (Vienna: W. Braumüller. 1912. Pp. 29. 0.70 m.)
- LEAVITT, F. M. *Examples of industrial education.* (Boston: Ginn. 1912. Pp. 8, 330. \$1.25.)
- MANES, C. *Capitalismo e criminalità: saggio critico di sociologia ciminese.* (Rome: tip. Nazionale. 1912. Pp. 428.)
- ORANO, D. *Come vive il popolo a Roma saggio demografico sul quartiere Testaccio.* (Pescara: E. Croce. 1912. Pp. 930. 10 l.)  
An exceedingly minute study of housing and living conditions.
- PEARSON, K. *Social problems; their treatment, past, present and future.* (London: Dulau. 1912. Pp. 40. 1s.)  
A lecture delivered at the Galton laboratory for national eugenics, March 19, 1912.
- SYKES, F. H. and others. *Industrial education.* (New York: Teachers College, Columbia University. 1911. Pp. 61. 30c.)
- TOKE, L. A. S., editor. *The housing problem.* Catholic studies in social reform, 3. (London: King. 1912. 6d.)

WEATHERFORD, W. D. *Present forces in negro progress*. (New York: Association Press. 1912. Pp. 191, illus. 50c.)

WEHBERG, H. *A. Theodor Stamm und die Anfänge der deutschen Bodenreformbewegung*. (Bonn: C. Georgi. 1911. Pp. 67. 2 m.)

WHITEHOUSE, J. H., editor. *Problems of boy life*. (London: King. 1912. Pp. 342. 10s. 6d.)

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*Opportunities in school and industry for children of the stockyards district*. (Chicago: University of Chicago Press. 1912. Pp. 64.)

### Insurance and Pensions

*Bradbury's Workmen's Compensation and State Insurance Laws of the United States*. By HARRY B. BRADBURY. (New York: The Banks Law Publishing Company. 1912. Pp. lxx, 1174. \$6.00.)

In view of the rapid progress recently made in this country in the enactment of laws providing new and more nearly adequate methods of compensation for those who are injured as a result of industrial operations and of the probability that this movement will go on until every state has abandoned the unfair and inexpedient system of liability laws based upon fault or negligence, the appearance of this work is timely.

The book really consists of four divisions, though this is not made apparent by the arrangement of the table of contents. The first of these is the introduction, which sketches very briefly the development of the compensation principle in England and on the Continent. Next comes a series of thirty-seven questions or propositions, covered in an equal number of chapters. Each chapter contains the provisions of the several state laws on the point in question in the form of either a full quotation of the sections of the law bearing upon it or a summary of the same in the words of the author. The third division, chapter 38, gives the full texts of the decisions of state and federal courts on the constitutionality of compensation acts. The final division, chapter 39, consists of the full texts of the British Compensation Act of 1906 and of the laws of the twelve following states: California, Illinois, Kansas, Massachusetts, Michigan, Nevada, New Hampshire, New Jersey, Ohio, Rhode Island, Washington, and Wisconsin. Three states having such laws are omitted—Arizona, Maryland, and New York; the first perhaps because the work had gone to press before its enactment. There seems to be no good

reason, however, why the Maryland and New York laws should not be included. It is true that the New York law has not been accepted by any considerable number of employers, but it is nevertheless a complete compensation act and of special interest as the first elective law to be enacted in the United States.

It is apparent from this outline of the contents of the work that it contains very little original matter. All of the laws have appeared in the bulletins of the United States Bureau of Labor, and the court decisions may be found in the state and federal reports. It is, of course, a matter of convenience to have all of this material available in one volume and this constitutes the real value of the work. Perhaps the most conspicuous instance of this sort of service performed by the author is the quotation from a considerable number of British decisions on some of the most fundamental questions which will arise in the interpretation of the various acts.

The least satisfactory part of the work is the introduction, which affords a very inadequate idea of the several foreign systems mentioned. Unfortunately the author has chosen to fill most of the space here with a long quotation from the pessimistic criticism of the German law by Dr. Ferdinand Friedensburg.

CARROLL W. DOTEN.

*Massachusetts Institute of Technology.*

*Social Insurance.* By G. H. KNIBBS. (Melbourne, Australia: Commonwealth Bureau of Census and Statistics. 1912. Pp. 70.)

In this report the Australian bureau makes a very careful investigation of the methods of meeting the problem of insuring the working classes in different nations and cities. There is not only a concise description of what is being done, but also criticism of the system and specific illustrations of its weakness in administration. The discussion of unemployment is particularly good. The report is a valuable contribution to social insurance, and largely because the work has been done so carefully and reported so clearly and concisely. Its value is increased by an excellent census and an index.

W. F. G.

NEW BOOKS

AMANN, E. *Führer durch die deutsche Arbeiterversicherung. Kranken-, Unfall- und Invaliden-Versicherungsgesetz, Witwen- und Waisenver-*

- sicherung mit Erläuterungen. (Munich: Süddeutsche Volksbuchh. 1912. Pp. 88. 0.35 m.)
- CROASDELL, W. C. *The national insurance act. How it works and what it secures.* (London: Ganes. 1912. Pp. 99. 1s.)
- EMMINGHAUS, B. *Das Versicherungswesen.* Third edition, revised. (Leipzig: J. J. Weber. 1912. Pp. 244.)
- EVANS, E. B. *Cases on the law of insurance selected and annotated.* (Chicago: T. H. Flood & Co. 1912. Pp. xxiii, 1012. \$5.)
- FRANKEL and DUBLIN. *The principles of life insurance. A course of instruction for the agents of the Metropolitan Life Insurance Company, Lessons I-X.* (New York: Metropolitan Life Insurance Co. 1912.)
- KASKEL, W. and SITZLER, F. *Grundriss des sozialen Rechts. 1 Bd. Grundriss des sozialen Versicherungsrechts.* (Berlin: Springer. 1912. Pp. xv, 484. 9 m.)
- LASS, L. *Invaliden- und Hinterbleibenversicherung.* (Mannheim: J. Bensheimer. 1912. 6 m.)
- MANES, A. *Sozialversicherung.* Third edition. (Berlin: G. J. Göschen. 1912. Pp. 175. 0.80 m.)
- MASSE, D. *Les retraites ouvrières et paysannes.* (Paris: Giard et Brière. 1912. 2.75 fr.)
- MOLDENHAUER. *Die Versicherung der Arbeitslosen.* Mitteilungen des Mittelrheinischen Fabrikanten-Vereins, 505. (Leipzig: G. J. Göschen. 1912.)
- NAGEL, M. J. *Brandkatastrophen und Brandschäden in den Vereinigten Staaten, deren Ursachen und Wirkungen.* Abhandlungen aus dem Gebiet der Feuerversicherungswissenschaft, 19. (Hannover: C. Brandes. 1912. Pp. 56. 1.50 m. For the U. S. 50c.)
- PIERACCINI, G. *Le assicurazioni sociali.* (Milan: F. Vallardi. Pp. 288. 8 l.)
- PRINGLE, A. S. *The national insurance act, 1911, explained, annotated and indexed.* (London: W. Green. 1912. Pp. 564. 10s. 6d.)
- STONE, G. *Questions and answers on national insurance.* (London: Butterworth. 1912. Pp. xxi, 224. 1s.)
- TARNA, A. W. *Student's guide to life assurance in theory and practice. To which are added chapters on fire and other branches of insurance.* (London: Macdonald & Evans. 1912. Pp. 224. 3s. 6d.)
- WULKOW, H. and others. *Die technischen Erfordernisse bei der Berechnung der Dividendenreserve für die mit Gewinnanteil Versicherten. Preisgekrönte Arbeiten.* Veröffentlichungen des deutschen Vereins für Versicherungswissenschaft, 24. (Berlin: E. S. Mittler und Sohn. 1912. Pp. iii, 299. 10 m.)

——— *Bundesgesetz über die Kranken- und Unfallversicherung. Loi fédérale sur l'assurance en cas de maladie et d'accidents. Vom 13.6.1911. Mit Inhaltsübersicht und systematisch, alphabetisch geordnetem Sachregister.* (Bern: K. J. Wyss. 1912. Pp. iv, 103. 1.60.)

### Socialism and Co-operative Enterprises

- The Ricardian Socialists.* By ESTHER LOWENTHAL. Columbia University Studies in History, Economics and Public Law, Vol. XLVI, No. 1. (New York: Longmans, Green and Company. 1911. Pp. 105. \$1.00.)
- The Essentials of Socialism.* By IRA B. CROSS. (New York: The Macmillan Company. 1912. Pp. 152. \$1.00.)
- Socialism and the Ethics of Jesus.* By HENRY C. VEDDER. (New York: The Macmillan Company. 1912. Pp. xv, 527. \$1.50.)
- Elements of Socialism.* By JOHN SPARGO and GEORGE LOUIS ARNER. (New York: The Macmillan Company. 1912. Pp. 382. \$1.50.)
- Socialism As It Is. A Survey of the World-Wide Revolutionary Movement.* By WILLIAM ENGLISH WALLING. (New York: The Macmillan Company. 1912. Pp. xii, 452. \$2.00.)

Of the making of books upon socialism there is no end; and the variety and quantity of these discussions are an evidence of the virility and comprehensiveness of this great movement. Those here under consideration are but a few of those printed in the United States in the last few months but they include a scholarly investigation in the history of socialism, a guide to the study of the subject by a non-socialist, a propagandist textbook, a survey of the movement from within the ranks, and a study of its relation to fundamental questions of life.

Since Professor Foxwell, in his introduction to Menger's *The Right to the Whole Produce of Labor*, made clear the significance of the early English socialists, there has been conspicuous neglect to investigate the rich and important material produced by the vigorous social and political thought and movement in England during the early nineteenth century. Dr. Lowenthal has done well to study carefully in her thesis four of the six writers considered by Professor Foxwell, namely, William Thompson, John Gray, Thomas Hodgskin, John Francis Bray. That Godwin should have been omitted because of the attention he has already received

is natural; but it is to be regretted that Charles Hall was not included in this study though he antedates Ricardo and would not come under her title. Dr. Lowenthal concludes that "there is no evidence that the socialists were particularly impressed by his (Ricardo) teachings," and that "only Hodgskin betrays an intimate knowledge of his work." The monograph does not confine its attention to the relation of these men to the economic thought of the time, but "attempts to estimate the relative importance of the Utopian and the scientific elements in the reasoning of these socialists and to examine in some detail their political and economic theories." In her final classification the author places Thompson and Bray among the Utopians because of their emphasis upon perfectability and the rights of man; and states that while Gray and Hodgskin have an economic basis, the latter is politically inclined to anarchism, while Gray, although nearest to the scientific school, repudiates socialism.

Professor Cross' little book is a brief outline for the study of socialist doctrine. It is very—perhaps excessively—compact, the socialist indictment, for example, being compressed into eighteen lines, and the statement of the class struggle doctrine, with the arguments for and against it, into a little over three hundred words. On the whole the subject is presented impartially. The references are extensive, classified, and fairly specific. The book will undoubtedly prove a useful guide to college classes and the serious reader.

Professor Vedder's aim, he tells us, is "first, to sketch briefly the history of socialistic principles and parties in modern times; second, to examine with sufficient thoroughness the fundamental principles of present-day socialism; third, to enquire in what respects these principles correspond to the ethics of Jesus, and wherein the two differ." The author is very sympathetic with socialism; agrees with the most extreme criticisms of the present order, hopes for and expects a socialist state, but harshly criticises Marxian principles. The following (p. 383) seems to sum up his point of view: "The method of Jesus is sound; that of socialism illusory. But while the method of Jesus is indispensable, the method of socialism is not hostile to it. Socialists and Christians are natural allies, not necessary opponents." The book is oracular and ministerial. While far from judicial in tone, it might be



said to be impartial, for it pours forth sarcasm and disapproval upon socialist, economist, capitalist and churchman alike. The lack of economic training and knowledge is constantly apparent. A few typical quotations will reveal the tone and spirit of the author: "The political economy of Smith and his school is nothing more than a pseudo-science, and its 'laws' mostly bugaboos to frighten the people in their intellectual childhood" (p. 180); "a science of economics founded wholly on man's bestial selfishness . . . is well named the 'dismal science'. But it ought also to be called the lying, slanderous science" (p. 205); "distribution was automatically effected—in the same way that an automatic distribution of swill is made in the hog-pen: the strongest hogs get what they want first, and the others get what may happen to be left" (p. 202); "the life and fortune of half the voters of the United States are at this moment at the mercy of these ten men" (p. 245); competition "is the flat denial of the golden rule. No Christian can defend competition without intellectual and moral *hara-kiri*" (p. 273); "rent and interest are in their nature immoral. We are assured that 'business' could not be carried on without them. It is perfectly true, and perfectly conclusive proof that modern business ought not to be carried on" (p. 422). While there is, perhaps, no greater social need than that the church should see the essentially religious significance of the industrial problem and passionately strive to extend the conception of righteousness to include economic justice and industrial improvement, a book like this will do little to secure that end.

Mr. Spargo's unwearied pen, reinforced by that of Dr. Arner, has produced a "textbook" of socialism. There seems to be no particular reason for calling it a textbook except that, at the end of each chapter, there are brief summaries and questions. Such references as are given on disputed points are almost exclusively to socialist authorities. The book is divided into five parts: Socialism as a Criticism; Socialist Theory; The Socialist Ideal; The Socialist Movement; Policy and Program. The chapters in the last part on Socialism and Social Reform and The Reform Program of Socialism are interesting statements of the moderate attitude. In general the book repeats that view of socialism which has become familiar to readers of Mr. Spargo's previous writings: "Back to Marx," to a Marx who has been misrepresented, who was never so extreme as his successors have been, a Marx

glorified and almost deified. Those who first approach socialism through this or any other of Mr. Spargo's books should note that, however sound his presentation of Marxian socialism may be, it is not, in many respects, that of a large portion of socialists and that there is acute opposition to his exposition and attitude. All in all this work is perhaps the most comprehensive and best of his books.

The most important of the volumes under consideration is Mr. Walling's *Socialism As It Is*. Starting with the assertion that "the only socialism of interest to practical persons is the socialism of the organized socialist movement," the author bases his description on the acts of socialist organizations and the responsible declarations of great representatives of the movement, giving relatively little attention to the earlier writers, although they are not neglected. The book reveals an enormous amount of reading and an intimate, inside acquaintance with every phase of the subject. It is divided into three parts of which the first, called State Socialism and After, differentiates socialism from other movements; the second, The Politics of Socialism, sets forth "the internal struggle by which it is shaping and defining itself"; and the third, Socialism in Action, treats of the relation of socialism to the class struggle, the land question, trade-unionism, syndicalism, the general strike and other live problems. Mr. Walling points out constantly that extension of state action is not necessarily socialism; that the former may be used for the benefit of all classes, even for the large capitalist and very commonly for the small capitalist as against the large, but that socialism attacks the whole capitalist system and looks forward not merely to a working-class, collectivist control of society but to the use of such control to give the social product to the worker. Socialism is not simply a political theory in contrast to individualism, nor even the use of a democratic, collectivist state to improve the condition of the worker—it is the annihilation of capitalism. In the chapter on Revolutionary Politics he combats the view that revolution will be unnecessary because of the gradual securing of reform. The essence of socialism is the abolition of capitalism—not simply some improvement of condition for the working class. While the capitalist and especially the progressive favor reforms, they do it to strengthen capitalism or to avoid revolution. The socialist may accept the results of progressive reform but he is not

deceived into thinking this is socialism. Familiar as these views are to those conversant with the subject, they are often overlooked. Certain people are much alarmed at the alleged drift toward socialism revealed in state social reform policies. Others, rightly distressed by the evils of the present industrial order, sympathizing with state action for their alleviation, and misled by certain socialist writers into believing that such progressive measures are socialism, align themselves with that party. Both these groups, widely apart as they are, should note the fact clearly brought out by this study that socialism is a movement which believes that capitalism large and small should be annihilated by a class struggle. It is unfortunate that such an important book should be written in a style so involved, obscure, and tedious that it is in danger of not being read as widely as it should be.

HERBERT E. MILLS.

*Vassar College.*

*Syndicalism and Labour.* By SIR ARTHUR CLAY. (New York: E. P. Dutton and Company. 1911. Pp. xv, 230. \$2.25.)

*The Labor Movement in France. A Study in Revolutionary Syndicalism.* By LOUIS LEVINE. Columbia University Studies in History, Economics, and Public Law, Vol. XLVI, No. 3. (New York: Longmans, Green and Company. 1912. Pp. 212. \$1.50.)

*La Question Agraire et le Socialisme en France.* By COMPERE-MOREL. (Paris: Marcel Rivière. 1912. Pp. 455. 8 fr.)

*The Anarchists: their Faith and their Record.* By ERNEST A. VIZETELLY. (New York: John Lane Company. 1911. Pp. xii, 308. \$3.50.)

*The Record of an Adventurous Life.* By HENRY MAYERS HYNDMAN. (New York: The Macmillan Company. 1911. Pp. xi, 422. \$1.75.)

There was need of a work covering the ground which Sir Arthur Clay here stakes out, the recent outburst of syndicalist activity in Europe, but the lack still remains. In the first part of his book the author passes in review the syndicalist strikes in France, Sweden, Italy, Spain, and the United Kingdom. The arrangement is clear, and the details given of these scattered movements are useful as an introduction to the subject. But the usefulness is narrowly limited by the author's lack of an economic background,

his reliance throughout on second and third-hand sources such as M. Mermeix's *Le Syndicalisme contre le Socialisme* and the "London Times," and the naïve attitude, sufficiently indicated by the statement, given as an axiomatic and crushing criticism of syndicalism, that "its doctrine is directly antagonistic to the elementary principle which is the corner-stone of social morality, respect for the right of personal property." The later chapters, consisting of discursive notes on the tendencies of English trade-unionism, have some value because of the copious quotations, but on the whole the book is more valuable as an unconscious revelation of the social creed of a barrister of the Middle Temple, J. P. of Surrey and landowner of Banffshire than as an account of syndicalism.

Dr. Levine's monograph (a Columbia doctoral thesis), while limited to the consideration of the French movement, is easily the most comprehensive and illuminating study of revolutionary syndicalism that has appeared in English. A thorough familiarity with the sources, systematic arrangement, a clear style, and an impartial but not unsympathetic attitude assure the reader of a good grasp of the principles and practices of the movement which has restored to France its old-time primacy in social radicalism. The historical chapters trace the development both of the doctrine of syndicalism and of the organ through which it has found expression, the General Confederation of Labor. They are followed by a well-balanced analysis of the creed and tactics of today. The relative influence of working-class practice and of the theory of the "intellectuals" is discriminately estimated; in discussing the claim that the syndicalist movement represents a return to Marx, Dr. Levine points out three essential features of Marxian thought which are quite foreign to the thinking of Sorel and the neo-Marxists—the determinism of Marx, his intellectualism, and his emphasis on the technical factors in social evolution. The chief criticism to be passed on the book is that the author has not seen fit to provide, except in some incidental references, a basis and background for the discussion of the attitude of the labor unions to the new movement by giving a survey of the strength and character of the French labor organizations in the different industries and of the economic and racial factors which have shaped their growth. But, as it is, the study is an admirable piece of work.

Complementary is the study of the French rural situation by Compère-Morel, easily the leading theorist and practical propagandist in the French socialist party's "peasant-fishing" campaign. It is curious to see state socialism, rejected by the town worker in favor of syndicalism, finding new fields in the country. In the first of the three sections, M. Compère-Morel pictures the peasant world of France, endeavoring to prove that concentration is proceeding rapidly, and that the farm laborer, day or domestic, the cash or share renter, subjected to new *corvées*, and the small owner, burdened by debt and exploited by the middleman, are ripe for socialism. The analysis, which agrees with that of Kautsky and Vandervelde rather than that of David, Herz, and Bernstein in the contention that the small farmer cannot possibly compete against the large, is valuable for its first-hand freshness of detail; but it is a partisan brief and requires to be supplemented by some such presentation of the other side as that in the Department of Agriculture's recent publication, *La Petite Propriété Rurale en France*. The second section forecasts in eloquent if not altogether novel terms the organization of agriculture under socialism, asserting that the small owner employing no outside labor will be allowed not only to keep but to bequeath his farm, till such time as the superior attractiveness of the large communal working has drawn him voluntarily into its ranks. It is, however, open to question whether coöperation, which Compère-Morel looks to as a transition stage, would really change the peasant's individualistic mentality as completely as he expects. And, if one may be pardoned for reminding a socialist of an inconvenient aspect of class conflict, given the farming class buttressed by tax reductions, fair rent commissions, communal machinery and coöperative marketing, and—alike in France and the United States—demanding protection on foodstuffs, how unite them harmoniously in one party with town workers, especially if the reforms directed against the middleman lessen incidentally his lightning-rod or buffer-state serviceability?

Perhaps most valuable is the third section, in which the author takes up in turn each of the eighty-seven departments of France, and notes briefly the character of soil, the prevailing pursuit, the size and tenure of the farms, the extent of coöperative effort, the wage of laborers, and other significant details. It is to be hoped that from socialist or other sources, a similar service will shortly be performed for America.

Mr. Vizetelly, best known as the translator of Zola, gives here a popular descriptive account of anarchist activities since Bakunin's day. The attempts on the life of the Kaiser, the Ravachol terror, the Barcelona outrages, the Haymarket affair, and the assassination of Elizabeth of Austria and Humbert of Italy are narrated in detail. The work makes no attempt to discuss anarchist theory, but is a convenient compilation of facts as to the propaganda by deed.

Mr. Hyndman's graphic autobiography will interest the general reader through its pictures of Meredith, Disraeli, Clemenceau, and Randolph Churchill, or its many lively anecdotes, and the student of socialism through its chapters on Marx, Mazzini, Morris, Liebknecht, Jaurès, and especially on the fortunes of the party which Mr. Hyndman did so much to form and keep alive. We are given a picture of the early days of *Justice*, "Morris in his soft hat and blue suit, Champion, Frost and Joynes in the morning garments of the well-to-do, several working-men comrades, and I myself wearing the new frock-coat, in which Shaw said I was born, with a tall hat and good gloves, all earnestly engaged in selling a penny socialist paper during the busiest time of the day in London's busiest thoroughfare." The tall hat and frock coat are never far absent, and perhaps account somewhat for the fact that the sacrifices made by this wealthy Cambridge graduate in the interest of the cause were neither fully appreciated nor fully successful, as the embittered tone of many passages reflects. Yet there is much truth in the point made later in the book:

The greater part of the really arduous work of socialism in every country . . . has been done not by the artisans and laborers themselves, but by the highly educated men of the class above. . . . Joffrin, Bracke, Debs, Anseele, Quelch, Williams, and the veteran August Bebel have been quite the exceptions, and even they, all put together, have not developed the originality that might be expected from a rising class. A slave class cannot be freed by the slaves themselves. The leadership, the initiative, the teaching, the organization, must come from those who are born into a different position, and are trained to use their faculties in early life. So far, several of the more energetic of the working class, when they have obtained their education from the well-to-do socialists who have been sacrificing themselves for their sake, have hastened to sell out to the dominant minority, and most of the workers, in Great Britain at any rate, have applauded their sagacity, and have voted for the successful turncoats at the polls.

Mr. Hyndman's intimate story is indispensable to an understanding of British socialism of the last generation.

O. D. SKELTON.

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*Coöperation among Farmers.* By JOHN LEE COULTER. The Young Farmer's Practical Library. (New York: Sturgis and Walton Company. 1911. Pp. vii, 281. 75 cents.)

As is clearly implied in the title, this excellent little book is not a treatise on coöperative farming, but on coöperation among farmers. There is practically no coöperative farming in the United States, but there has been some hopeful development of coöperation among farmers in the marketing and distribution of their products. Coöperation in this field is one of the various phases of the as yet unsolved problem of getting the products of the farm to the consumers in the cities with the least possible waste. The problem of production on the farm has received the attention of the best agricultural talent of the country, and for that reason has been solved in a practical way. Because our best agricultural talent has been concerned with the problem of farm production, the equally important problem of marketing and distribution has been largely neglected. The book before us is a timely and valuable contribution to the solution of this problem. It applies particularly to what is called "better business" in the formula which has become current within recent years—"Better farming, better business, better living."

The book opens with an argument for coöperation. This is followed by chapters on coöperation in various lines of agricultural enterprise, such as Dairy Farming, the Marketing of Butter and Cheese, Marketing of Meat Animals, Storing and Marketing of Grain, Vegetables, etc.; and a very interesting and informing account of successful coöperative enterprises in various parts of this country. There is also a chapter on Coöperative Stores, though unfortunately the author must get his best material bearing upon this subject from abroad. There is little experience in this country to encourage farmers in trying to save the middlemen's profits in the handling of goods produced by other enterprises for sale to farmers. This doubtless speaks more favorably for the success of manufacturers in the marketing and distribution of their products than for that of the farmers in selling their own



products. At any rate, there seems to be much less opportunity for saving by the establishment of coöperative stores in the country to sell the products of other industries to farmers than there is in coöperative enterprise for the sale of farmers' products to other people.

The author makes clear, however, that the advantages of coöperation are not wholly financial. It has become a commonplace in recent years that the great evil of country life is isolation, as congestion is of city life. The mental and moral results of the one are about as bad as of the other. As a by-product of coöperation among farmers, there is increased contact of man with man and an enriching of social life in rural communities. Dr. Coulter has rendered a distinct service to the country-life movement by writing this book.

T. N. CARVER.

*Harvard University.*

*Report on Industrial and Agricultural Coöperative Societies in the United Kingdom.* (London: Wyman and Sons, Ltd. 1912. Pp. lv, 273. 1s. 8d.)

This report "revises and extends" the *Report on Workmen's Coöperative Societies in the United Kingdom* issued by the Labour Department in 1901. The earlier report reviewed British coöperative movements to 1899; the present volume covers the succeeding decade. The societies are classified in four main divisions: (1) Industrial Coöperative Societies, (2) Agricultural Societies, (3) Banking, Credit, and Insurance Societies, (4) Housing and Building Societies.

The retail distributive societies are shown to have grown 53 per cent in membership and 56.3 per cent in sales within the decade. Their industrial practices are concisely outlined. Workingmen's productive coöperation is shown to have declined except in so far as controlled by consumers' associations. Agricultural coöperation has grown rapidly within the ten-year period, especially in England where the new Agricultural Organization Society and the governmental aid through the Small Holdings Act of 1907 have given vitality to the movement. Coöperative banking, though it has taken new forms within the decade, remains relatively insignificant. Coöperative insurance has increased in scope by the institution in 1904 of collective life insurance for all members of

consumers' societies, as well as by the formation of new agricultural insurance societies. Coöperative housing has taken new life in the formation of Copartnership Tenants' Societies. The semi-coöperative building societies are decreasing in number.

The report is descriptive and statistical in character. It does not seek to offer either commendation or criticism, and ignores the moral function of the coöperative movement, which, to the founders and to Holyoake, C. Webb, and other British writers, is its most important achievement. Furthermore, the text is perhaps too lacking in detail to be completely intelligible to the student who is unfamiliar with coöperative methods. The book, as a whole, including specimen by-laws, balance sheets, bibliography, and 223 pages of statistical tables, in addition to the text, is peculiarly valuable for reference as to the economic status and recent growth and practices of all parts of the British coöperative movement.

JAMES FORD.

Harvard University.

#### NEW BOOKS

BELLET, D. *Illusions socialistes et réalités économiques. Grèves et arbitrage obligatoire. Pour remplacer le salaire. Expériences australiennes.* (Paris: Rivière. 1912. 3 fr.)

BRETON, J. L. *L'unité socialiste. Histoire des partis socialistes en France, VII.* (Paris: Rivière. 1912. 0.75 fr.)

CERVIGNI, S. N. *Le teorie fondamentali del Marxismo; saggi di interpretazione e di critica.* (Rome: Lib. Ed. Romana. 1912.)

CLANCY, W. *Catholicism and socialism.* (Bridgeport, Conn.: Advance Pub. Co. 1912. Pp. 35. 10c.)

EHINGER, O. *Die sozialen Ausbeutungs-Systeme, ihre Entwicklung und ihr Zerfall.* (Munich: E. Reinhardt. 1912. 4.50 m.)

FOELSKE, H. E. *The practice of democracy, socialism versus individualism.* (Milwaukee: C. N. Casper Co. 1912. Pp. 73. 40c.)

GAYLORD, W. R. *Socialism is coming—now.* (St. Louis: Labor Pub. Co. 1912. Pp. 46. 10c.)

KNOOP, D. *Principles and methods of municipal trading.* (New York: Macmillan. 1912. Pp. xvii, 409. \$3.25.)

To be reviewed.

DE PREAUDEAU, M., *Michel Bakounine, le collectivisme dans l'internationale (1868-1876).* (Paris: Rivière. 1912.)

Although it contributes nothing new concerning the career of the

great agitator, this work is a serious documentary study; and gives extensive bibliographies.

SANDAY, W. *Some weak points in christian socialism. A defence of the middle classes.* (London: Longmans. 1912. 1s.)

SPARGO, J. *Applied socialism; a study of the application of socialistic principles to the state.* (New York: B. W. Huebsch. 1912. Pp. xxviii, 333. \$1.50.)

To be reviewed.

WESTFALL, R. *Facts; or What a socialist is and what he is not.* (Detroit, Mich.: R. Westfall. 1912. Pp. 63. 10c.)

ZEVAES, A. *Le socialisme en 1912. Histoire des partis socialistes en France, XI.* (Paris: Rivière. 1912. 0.75 fr.)

— *Songs for socialists. A collection of eighty-eight songs.* (London: A. C. Fifield. 1912. 2s. 6d.)

## Statistics and Its Methods

### NEW BOOKS

FRANZ, E. *Die Verfassung der staatlichen Zahlungsmittel Italiens seit 1861.* (Strasbourg: Trübner. 1911. Pp. xi, 175. 5 m.)

VON LOEFEN, W. *Handelsstatistik und Zollstatistik.* (Kattowitz: Phönix-Verlag. 1912. 1.80 m.)

MULLER, E. *Einführung in die Statistik.* (Munich: Duncker und Humblot. 1912. 1.80 m.)

OTTOLENGHI, C. *La determinazione dei valori unitari medi d'importazione e d'esportazione nella statistica commerciale.* (Torino: Lattes. 1912. Pp. 97. 3 l.)

## DOCUMENTS, REPORTS, AND LEGISLATION

### Industries and Commerce

#### REPORT OF THE MASSACHUSETTS COMMISSION ON COLD STORAGE.

The public concern with economic and social effects of cold storage is reflected in the facts that in the year 1911 laws regulating cold storage were passed in five states while in several other states bills were introduced. The only state legislation of earlier date is a Kansas law of 1907 which was intended merely to prevent the storage of undrawn poultry, game, and fish.

The Massachusetts legislature responded to the public interest in the subject by providing in July, 1911, for a commission of citizens to be appointed by the Governor and to report in January, 1912. The report of this body is a document of 200 pages, followed by 100 pages of appendices. (*Report of the Commission to Investigate the Subject of the Cold Storage of Food and of Food Products Kept in Cold Storage*, Boston, 1912, pp. 308.)

The report proper contains an introductory statement in which the function of cold storage is discussed, and its technique and conditions attending its operation set forth. The main body of the report is devoted to a consideration of the effect of cold storage on health and on prices. This is followed by a review of existing legislation and a critical discussion of proposed legislative measures. Finally there is an excellent summary of the whole discussion.

In the appendices is given the commission's draft for a bill; laws and administrative regulations in other states and in Canada; wholesale prices of eggs, butter, and poultry in the Boston market, 1881 to 1890 and 1901 to 1910; statistics of refrigerating concerns in Massachusetts; resolutions of trade bodies; statements of witnesses; and official reports on cold storage.

The effect of cold storage on health, the report concludes, has been in general beneficial, in that it has brought about an expansion and diversification of food supply. The injuries, it finds "are occasional and temporary and can be eliminated by proper regulation" (p. 192). The report holds the weight of evidence to show that a retarded deterioration of perishable food products takes place in cold storage, and that this may affect the palatability of an article without impairing its wholesomeness or nutritive value. The time during which an article can be kept wholesome varies with different commodities and depends largely upon the methods used in preparing for storage. In the

absence of definite scientific determination of normal limits of storage for different commodities the commission concludes that "prolongation of cold storage beyond one year, even under correct conditions, appears to be undesirable and prejudicial to the public health" (p. 193).

With respect to the influence of cold storage on price the commission finds that the effect is to make prices lower and steadier (p. 193). It finds no tendency toward monopoly in the cold storage business (pp. 94 to 96), and it regards the kind of speculation involved as beneficial, in that it tends to diminish seasonal fluctuations in food-stuffs and to equalize supply and demand. In connection with the discussion of price a valuable chart is introduced, which shows, comparatively, price fluctuations of butter, eggs, and fowls in the Boston market, by months, for the decades 1881-1890 and 1901-1910. This and other data presented indicate for all three commodities less seasonal fluctuation in the latter decade and also a lower average price level for butter and fowl. The higher level for eggs in the later decade is explained by the increased use of eggs, especially for egg drinks, and by the fact that storage eggs are a less acceptable substitute for the fresh article than is the case with butter and fowl. No mention is made of the possible influence of general factors such as the relative purchasing power of money in the two decades.

The law passed in pursuance of the report, and which became operative on September 1, 1912, deviates in several important regards from the committee's recommendations. The following are the principal provisions recommended, together with those embodied in the law:<sup>1</sup>

1. Regulation to apply to fresh meat and fresh meat products, *except in the process of manufacture*, fresh food, fish, poultry, eggs, and butter [and any other food products that may be specified from time to time by the state board of health].

2. No cold storage warehouse to operate without a license issued for one year by the state board of health after inspection and approval of plant. Warehouses [to keep accurate records of receipts and withdrawals] to make quarterly reports to the state board of health, the board being empowered to close a warehouse if conducted in an unsanitary manner, and to suspend the license in case required changes are not promptly made.

3. No article of food to be placed in cold storage if deemed by the state board of health to be diseased, tainted or otherwise unwholesome.

<sup>1</sup>The brackets indicate matter contained in the commission's recommendations but not embodied in the law. *Italics* are used for matter added by the legislature.

the board and its authorized agents to have access to all establishments for such inspection as it may deem necessary to a proper enforcement of the act.

4. Products to be marked with the date of receipt into storage [and of withdrawal from storage] either on the containers or if not packed in containers, on tags in connection with the articles, *except fish*.

5. Time of holding in storage to be limited to twelve months, the state board of health to have power to extend the time for particular consignments [and to fix a shorter limit for any article of food if found desirable].

6. It shall be unlawful to offer for sale any cold storage article without notifying prospective purchasers *by the display of a sign marked "Cold Storage Goods Sold Here"* [the state board of health to determine to what extent tags, labels, signs and other provision shall be used to enforce the prohibition].

7. The return to storage of goods that have been withdrawn and put on sale prohibited.

8. Broken eggs packed in cases if not intended for use as food, when deposited in storage shall be marked in accordance with forms prescribed by the state board of health so as to indicate plainly that they are not to be sold for food.

9. State board of health may make rules and regulations for the enforcement of the act including rules and regulations with respect to [the sanitary preparation of articles of food for cold storage] the use of marks, tags or labels, and the display signs, and may fix penalties for the breach thereof.

10. Penalty for violation of act for first offense fine not to exceed one hundred dollars, for second offense fine not to exceed five hundred dollars or imprisonment not to exceed thirty days or both fine and imprisonment.

The law seems to apply to public and private warehouses alike, although at the beginning of the report it is stated that the commission "has not attempted to cover the operation of private refrigeration plants maintained by meat packing establishments, stores or hotels and offers in the report no finding with respect to this class of warehouses" (p. 10).

It would seem obvious that any legislation would have to reach warehouses of the sort excepted in order adequately to safeguard the public interest.

WILLARD E. HOTCHKISS.

THE FINAL REPORT OF THE NATIONAL WATERWAYS COMMISSION. The National Waterways Commission, appointed in 1909 by President Taft, completed its work in March, last, with the publication of its *Final Report* (Sen. Doc. No. 469, 62 Cong., 2 Sess., pp. 579). A preliminary report was sent out in January, 1910, shortly after the return of the members of the commission from Europe; and twenty-two other documents have appeared in the meantime, relating to various aspects of the waterway problem, both at home and abroad. The documents relating to foreign waterways were in the main prepared by the various consulates of Europe by request of the commission. These reports, in conjunction with the three volumes issued in 1909-1910 by the Commissioner of Corporations, and the report of Mr. Roosevelt's Inland Waterways Commission in 1909, furnish a wealth of material relating to internal waterways. Of the 579 pages, 65 constitute the *Final Report* proper, while the remaining 514 are appendices. The following recommendations are made:

(1) That the federal government should undertake, in conjunction with local interests, the construction of a canal from Lake Erie to the Ohio River, near Pittsburg.

(2) That a survey be made of the proposed canal route from Lake Erie to Lake Michigan, by way of the Maumee River, or other suitable route.

(3) Further legislation for protecting waterways from railway competition, and for establishing more amicable relations between the two agencies of transportation.

(4) Legislation for the control of public terminals.

(5) Legislation for the development and control of water-power.

(6) An investigation of the possibilities of a system of reservoirs along the Allegheny, the Monongahela, and their tributaries, similar to that recommended by the Pittsburg Flood Commission; the investigation to be made by a joint board of engineers, drawn from the corps of engineers of the United States Army and from the Geological Survey.

It will be observed that the commission suggests little in the way of developing a comprehensive system of canals and inland waterways. No recommendations are made in regard to the Lakes-to-Gulf Waterway, and, with the exceptions noted above, none of the multitude of projects before the country are endorsed. Like the *Preliminary Report*, the conclusions are decidedly conservative, and can hardly be regarded as valuable ammunition for the ardent advocates of water



transportation. Only one project is endorsed, and but one other is deemed sufficiently feasible to warrant surveys.

Even as to the feasibility of the Lake Erie and Ohio River Canal, the commission is not overly sanguine. While the traffic in this region is enormous, the amount that could be expected to travel by canal is evidently a matter of some conjecture. In the opinion of the commission, the amount of coal which it is expected the proposed canal would carry, has been overestimated.

The coal deposits in the Monongahela basin near the river are becoming depleted, so that it will be more expensive in the future to bring to the river the coal which is to be shipped in barges. This would make it more economical, as well as convenient, to patronize a railroad whose tracks reach directly to the mines. Furthermore, some of the coal lands most favorably situated for the shipment of their output by water, are owned or controlled by persons or corporations affiliated with railroad interests. Some allowance ought also to be made in both the estimate of the iron ore and coal traffic of the canal for the reason that many of the large iron and steel industries using these raw materials are more or less affiliated with the railroad interests, which are the largest purchasers of their manufactured products (p. 11).

On the whole, however, it is believed that the canal would be of undoubted economic value. It is to be regretted that the commission did not make a more thorough investigation of this project. But three pages are devoted to it, and the statements made appear to be, for the most part, mere expressions of opinion. It is indeed difficult to avoid the conclusion that the commission deemed it advisable to favor some canal project, and chose this one as being certainly the least doubtful of any.

In discussing the project of a canal from Lake Erie to Lake Michigan, the commission decides that a 24-foot waterway would be impracticable because of the enormous cost of construction, the difficulty of securing an adequate water supply, and the inability of such a canal to compete with the open lake route for vessels of large capacity. The commission recommends, therefore, that a survey be made with a view to the construction of a barge canal, similar to the Erie barge canal, with which it would form part of a through water route from New York to Chicago. The commission purports to have made a careful study of the traffic possibilities of this route; but the results are decidedly inconclusive and unconvincing. It is observed that the railways of this region are now carrying an enormous tonnage, and that the canal might be expected to supplement them to a considerable

extent; but no statistics of the relative cost by rail and water are presented, and there is no evidence to show that the railroads are either overburdened or incapable of indefinite expansion. A belief is also expressed that some traffic might be diverted from the Great Lakes. Finally, the commission points out that the agricultural produce of this region would doubtless make extensive use of such a canal. This conclusion is surprising, in view of the fact that agricultural produce nowhere, not even in Germany, makes any considerable use of waterways; for the reason that agriculture is a decentralized industry, and the cost of collecting its produce and transshipping it to water routes is usually prohibitive. The commission evidently gave no thought whatever to the question of transshipment.

Again, in recommending legislation for the promotion of coöperation between waterways and railways, the commission does not raise the question of the cost of breaking bulk in transit. It is recognized that the waterways cannot hope to enjoy a large measure of success, without an extensive transshipping business with the railroads; but it is believed that such an exchange of commodities between railroads and waterways may be secured through the agency of the Interstate Commerce Commission. To this end it is recommended that the power of the Interstate Commerce Commission in regulating freight rates be extended to include all interstate waterways, whether independent, or railway owned, or controlled. It is interesting in this connection to call attention to the fact that France has never been able to develop a transshipping business, and that Germany has done so only by means of enormous subsidies. It is disappointing that the commission has not come to closer quarters with this fundamental aspect of the problem.

Some valuable information is contributed on the feasibility of reservoirs as a means of controlling floods. Appendices II, III, and IV contain the arguments of M. O. Leighton, Robert Follansbee, and W. H. Bixby, pro and con, upon this debatable question. These discussions, together with the debates which appeared in "The Engineering News," in 1908,<sup>1</sup> furnish a very complete analysis of the problem. The commission evidently believes there is some future for reservoirs, but urges very careful investigations of specific projects as a preliminary to possible expenditures in this direction.

The discussion of the influence of afforestation upon navigation and flood prevention is also very valuable. Appendix V, prepared by

<sup>1</sup> May 7, June 11, June 24, Oct. 8, Nov. 4.

Raphael Zon, Chief of Sylvics of the U. S. Forestry Service, is an excellent and comprehensive study of the entire problem, with extensive reference to foreign experience. This report covers 70 pages, and is followed by an exhaustive bibliography of 28 pages.

Appendix IX, prepared by E. O. Merchant, expert of the commission, is entitled *A Comparison of American and European Waterways*; and gives a brief and fairly satisfactory account of the history of water transportation in the principal countries during the past century. Especially to be commended is Mr. Merchant's emphasis on the importance of economic factors as affecting water transportation. Some of the conclusions reached may well be noted here. First, it is pointed out that to be successful a waterway must lie in the direction of a very large traffic movement. Second, a large traffic will arise only where there is an abundance of a very few bulky commodities, such as coal, ores, and building materials. Third, an extensive traffic by a waterway cannot be expected unless there are large industrial centres along its banks. "There is no instance of a waterway carrying a large traffic where such conditions do not exist" (p. 516). Mr. Merchant concludes that the fundamental reason for the small traffic on many of the rivers of the United States is their unfavorable location in relation to available traffic. In this appendix is presented an extensive comparison of rail and water rates in Europe and in the United States, tending to show that there is usually a decided advantage in shipping certain classes of commodities by water. This portion of the study, however, is likely to lead to erroneous conclusions. Mr. Merchant is presenting a comparison of *rates*, not a comparison of the *cost* of transportation by rail and by water. Unfortunately he does not warn the reader of this distinction, and accordingly the inference likely to be drawn by the casual reader is that water transportation is usually much cheaper than that by rail. That Mr. Merchant himself does not necessarily entertain this opinion appears in a later section devoted to the *Relative Cost of Transportation by Rail and Water*, in which attention is called to the fact that the rates compared do not usually include the same elements of cost in both cases. For instance, in the case of waterways they seldom include interest or profit on the capital invested in the highway itself, and often not even maintenance charges; whereas, in the case of railways, they almost invariably include all these items. "Any comparison between the cost of transportation by rail and by water will be of value only when the two rates include similar items of cost. Few

such comparisons have ever been made" (p. 574). Mr. Merchant thus recognizes the fundamental fallacy in the argument that water transportation costs only a fraction of that by rail. And it is regrettable that he did not devote more space to tables of comparative cost, and less to misleading tables of rates, admittedly based on totally dissimilar elements of cost. It can be shown that water transportation, at least canal transportation, is almost universally more costly than rail transportation, if all the items of cost are included in both cases.

On the whole, it may be said that the work of this commission has been distinctly above the ordinary. An enormous amount of material has been collected; and on some aspects of the problem considerable discrimination has been exercised in arriving at conclusions. The appendices are perhaps the most valuable part of the report, though the commission disclaims any responsibility for the conclusions presented therein. In the opinion of the writer the *Report of the National Waterways Commission* is decidedly superior to that of the British Royal Commission of 1906 on the same subject.

H. G. MOULTON.

*University of Chicago.*

The Bureau of Manufactures and the Bureau of Statistics, both of the Department of Commerce and Labor, have been consolidated into the Bureau of Foreign and Domestic Commerce, in accordance with the act of Congress approved on August 23, 1912. With the exception of collecting internal-commerce statistics, for which no appropriation was made, the work heretofore carried on by the two bureaus will be continued by the new bureau, which is in addition charged with the duty of making certain investigations of comparative costs of production of dutiable articles and related subjects heretofore entrusted to the Bureau of Labor. No appropriation, however, was made to enable the Bureau of Foreign and Domestic Commerce to carry on this new work. Aside from the administrative branches, the organization of the new bureau consists of three divisions: (1) Statistics, (2) Consular Reports, and (3) Foreign Tariffs. The chief of the new bureau is Mr. A. H. Baldwin, formerly head of the Bureau of Manufactures, and the first assistant is Mr. O. P. Austin, formerly head of the Bureau of Statistics.

In the interest of promoting trade, the Department of Commerce and Labor has recently made an investigation of the activities of boards of trade and chambers of commerce in some 70 American cities. The

results are now published as "Special Agents Series," No. 60, *Commercial Organizations*, by E. A. Brand (Washington, 1912, pp. 48). The material is arranged topically under the headings: Development of Foreign Trade; Encouragement of Wholesale Trade; Promotion of Retail Trade; Transportation; Industrial Expansion; Industrial Expositions; Conventions; Civic Improvements; Membership; Publicity.

The first five sections of a report being prepared by Professor Emory R. Johnson on *Panama Canal Traffic and Tolls* has been published as a Senate document (Sen. Doc. No. 575, 62 Cong., 2 Sess., 1912, pp. 95, maps). The titles of the specific chapters are: Distances via Panama, Canal and Alternative Routes, Tonnage of the Vessels Employed in the Commerce that Might Have Advantageously Used the Panama Canal in 1909-1910, Growth of Available Canal Traffic 1899-1911, Relation of Tolls to the Volume of Traffic through the Canal; Tolls the Traffic will Bear, and Coaling Facilities and Coal Costs via the Panama Canal and Alternative Routes. There has also been published by the Isthmian Canal Commission a further study by Professor Johnson on *The Relation of the Panama Canal to Traffic and Rates of American Railroads* (pp. 42).

Mr. Royal T. McKenna has prepared for the United States Department of Agriculture a statistical compilation entitled *Annual and Average Production of and International Trade in Important Agricultural Products by Countries* (Washington, Circular 31, July 29, 1912, pp. 30). The percentage which each country contributes to the world production and similar figures for exports and imports are given. It furnishes a most useful survey of the part which the United States plays in world commerce.

The Department of Agriculture has issued Circulars 32, 33, and 35, dealing respectively with *Cotton Crop of the United States, 1790-1911*; *Tobacco Crop of the United States, 1612-1911*; and *Hop Crop of the United States, 1790-1911*, all compiled under the direction of Mr. George K. Holmes (August 15, 1912, pp. 9, 12, 8). Brief bibliographical notes are given designating sources of information.

The extraordinary growth of the commerce of the United States is described by Hon. O. P. Austin in an address *Progress of American Commerce and Industries, 1870 to 1912*, recently delivered before the American Association for the Advancement of Science, printed in the *Congressional Record*, July 17, 1912, and issued as a reprint (pp. 16).

That the Bureau of Corporations is not engaged wholly in the investigation of corporations is seen in the report on *Cotton Tare* (Washington, September 3, 1912, pp. 53). This deals more particularly with the operation of contracts of foreign cotton exchanges, in response to complaints that cotton growers were subject to serious injury because of excessive deductions for bagging and ties made in European markets. The report contains an abundant amount of technical data in regard to a subject on which there has hitherto been little available information.

*English Methods of Dyeing, Finishing, and Marketing Cotton Goods*, Bulletin No. 56 in the "Special Agents Series" of the Department of Commerce and Labor (Washington, 1912, pp. 35), contains a few references to combines in the textile trade, and the economies which have been thereby effected.

Interesting evidence of the effect of American methods upon the manufacture of shoes in European countries is found in the reports of the Bureau of Manufactures of the Department of Commerce and Labor. Three bulletins have now been issued dealing with the shoe and leather trade in the United States, Germany, France, and Switzerland.

The hearings before the House Committee on Agriculture on *Cotton and Grain Option Bills*, held in March and April, 1912, have been printed in a separate document (Washington, pp. 322).

From the *Twenty-fifth Annual Report on the Statistics of Manufactures for 1910*, for Massachusetts, it appears that while the very small establishments constitute 23.6 per cent of the total number in that state, their product amounts to only one half of one per cent. Wages are classified for certain industries on the percentage group principle (p. xxii).

The Bureau of Immigration and Naturalization of the Department of Commerce and Labor has issued a series of pamphlets on *Agricultural Opportunities*, which will be of service in choice of state for settlement (Washington, 1912, Nos. 1-7).

Bulletin 47, *Notes on Mineral Waste*, by Charles L. Parsons, published by the Bureau of Mines (Washington, 1912, pp. 44), contains precise data of service to students of economic resources. "During the past year in producing 500,000,000 tons of coal we wasted or left under ground, in such condition that it probably will not be recovered in the future, 25,000,000 tons of coal."

The subject of waste is also treated in a pamphlet, issued by the Department of Agriculture, entitled *The Reduction of Waste in Marketing*, by Frank Andrews (Washington, pp. 165-176). Reference is made to waste due to slowness of delivery and the glutting of markets.

The "Bulletin of the Indiana State Library" for September, 1912, contains bibliographical material, entitled *A Guide to the Study of Conservation* (Indianapolis, pp. 12). This includes a list of organizations devoted to the work of conservation.

Among recent public documents relating to Canada are to be noted: *The Canada Year Book, 1911. Second Series* (Ottawa, Census and Statistics Office, 1912, pp. xli, 454) containing census figures for 1911; *Canada. Her Natural Resources, Navigation, Principal Steamer Lines and Transcontinental Railways*, published by the Twelfth Congress of the Permanent International Association of Navigation Congresses (Ottawa, Department of Marine and Fisheries, 1912, pp. 287, illus.); *Commission of Conservation, Canada. Third Annual Report* (Ottawa, 1912, pp. 154); *Annual Report on the Mineral Production of Canada, 1910* (Ottawa, Department of Mines, 1912, pp. 328); *Water Power of Canada*, by George G. Denis and Arthur V. White, published by the Commission of Conservation of Canada (Ottawa, 1911, pp. 397).

### Corporations

Supplementary to the *Hearings* before the House Committee on Patents (AMERICAN ECONOMIC REVIEW, vol. II, p. 723) is the Oldfield report on *Revision of Patent Laws* (H. Rep. No. 1161, 62 Cong., 2 Sess., August 8, 1912, pp. 29) containing a draft of a proposed bill. It is recommended that a patent be limited to 19 years from date of filing application in order to check procrastination and shorten the duration of the monopoly. The bill also aims to prevent the "shelving" of competitive patents, and forbids the use of a patent to restrain unreasonably or to monopolize any part of interstate or foreign commerce, "except in such articles as and to the extent that they embody the invention or discovery so patented." Unreasonable restraint is defined as an attempt to restrict the price at which the article may be resold, or to restrict the purchaser from dealing in other articles. Representative Oldfield will be pleased to distribute this report and to receive comments.

The *Hearings* before the Senate Committee on Interstate Commerce, authorized under Senate Resolution 98, on changes in laws regulating



corporations engaged in interstate commerce, have now been issued in three volumes (Washington, 1912, pp. 2799; see AMERICAN ECONOMIC REVIEW, vol. II, p. 424).

The Department on Regulation of Utilities, of the National Civic Federation, of which Professor John H. Gray is director, has published a preliminary pamphlet on *Organization of Railroad and Public Utility Commissions* (1 Madison Ave., New York, 1912, pp. 46). This is one of 15 parts of a compilation and analysis of public utility regulation laws of the United States to be printed, and comprises a compilation of the names of commissions, showing their number, manner of selection, terms of office, salaries, qualifications for membership, provision of funds, and duties of officers.

The Railroad Commission of California has issued *Regulations Prescribing the Form and Governing the Construction and the Filing of Freight and Express Tariffs and Classifications and Passenger Fare Schedules*, adopted June 24, 1912 (San Francisco, pp. 126).

In a recent order and conference ruling, July 8, 1912, the Board of Public Utility Commissioners of New Jersey lays down the general principles under which it will approve the issue of securities (Trenton, pp. 13).

From the Department of Justice has been received the brief and argument on behalf of the United States in the *Intermountain Rate* cases, before the Supreme Court of the United States in the October term, 1911 (pp. 84).

Special phases of the rate problem are treated at length in the briefs submitted before the Interstate Commerce Commission on *Export and Import Port Differentials*. Among those received are two prepared by James M. Swift, Attorney General of Massachusetts, and Charles S. Hamlin, of Boston.

The Public Service Commission for the First District, New York, has published a pamphlet on *Dual System of Rapid Transit for New York City* (New York, September, 1912, pp. 54) in which an account is given of the recent proposals and settlement of conflicting plans.

The Harbor and Subway Commission and Subcommittee of the Council Committee on Local Transportation, of Chicago, have recently submitted a *Joint Report on a Comprehensive System of Passenger Subways for the City of Chicago* in which the methods of financing such a system are discussed.

The Bureau of Railway News and Statistics (1409 Railway Exchange Building, Chicago) has published, under date of September, 1912, a leaflet entitled *New Zealand Railways not Comparable to American*, by Mr. Slason Thompson, a reply to an article by Mr. Charles Edward Russell in "Pearson's Magazine," for September, 1912. It is claimed that New Zealand railways carry a greater capitalization per mile of track and have a less efficiency according to mileage.

#### Labor

The *Bulletin of the Industrial Commission of Wisconsin*, Vol. I, No. 3 (pp. 67-136) under date of July 20, 1912, contains the first annual report of the Administration of the Workmen's Compensation Act, which went into operation May 3, 1911. It is noted that up to June 30, 1912, 435 employers, with 63,728 employees, had accepted the provisions of the act. The per cent of accidents under compensation to the total number (not including railroad accidents) was 25.4. The old line insurance companies have agreed upon rates for compensation which are about double those charged for common law liability, and, on account of this discrimination, it is believed that the subject of liability insurance should next receive legislative attention. As yet only two mutual insurance companies have been organized. Although the rate of compensation authorized by the Wisconsin law is high, the commission believes that there is no evidence of malingering. It is suggested that the New Jersey plan of compensation according to certain definable injuries has some advantage of administration over the Wisconsin principle of compensation according to wage. Approval is also given to the provisions of the California act whereby future, as well as current, wages are taken into account in determining the compensation. Of technical interest in this bulletin are the pages devoted to the rules and interpretations of the Industrial Commission. No. 3A (pp. 137-145) discusses the nature and causes of accidents reported to the commission.

*Bulletin of the Industrial Commission of Wisconsin*, Vol. I, No. 4 (Madison, August 20, 1912, pp. 149-229) contains an account of the various activities of the commission. Of special interest is the reference to the workings of the new apprenticeship law enacted in 1911 (p. 202). An historical summary of child labor legislation in Wisconsin is given (pp. 183-188).

Part I of the *Report of the West Virginia Employers' Liability and Laborers' Compensation Commission* (Professor P. B. Reynolds, sec-

retary, Morgantown, 1911, pp. 274) contains a digest of the liability and compensation laws of the several states, and copies of the most important bills which have been drafted and recommended by commissions. A supplementary report of recommendations is to be made.

The Legislative Reference Bureau of the Rhode Island State Library has published a bulletin on *Employer's Liability and Workman's Compensation* (Providence, January, 1912, pp. 69) in which there is a digest of laws, a proposed bill and arguments, and a brief bibliography.

In connection with the discussion of hours of labor in the steel industry, referred to in the REVIEW, June, 1912, p. 445, reference should be made to a recent *Report of Committee of Stockholders of the United States Steel Corporation* (April 15, 1912, pp. 17) in which the work of the Steel Corporation in ameliorating labor conditions is described and endorsed.

In addition to the usual statistical tables, the *Twenty-ninth Annual Report of the Department of Labor of Michigan* for 1911 (Lansing, 1912, pp. 495) summarizes the progress which has been made in that state in the limitation of hours of labor of women and children. The free employment agencies are believed to be undertaking a successful and useful work.

The growing interest in health conditions of workmen is evidenced in a recent report of the State Board of Health of Massachusetts on *Hygiene of the Boot and Shoe Industry of Massachusetts*, by William C. Hanson and William A. Walcott, officers of the State Board (Boston, 1912, pp. 13). The pamphlet is generously illustrated.

"Accident Bulletin," No. 5, of the Bureau of Labor, Industries and Commerce of Minnesota contains the *Proceedings of the Minnesota Industrial Safety Conference*, held in December, 1911 (pp. 61).

"Labor Bulletin," No. 93 of the Massachusetts Bureau of Statistics, contains a *Directory of Labor Organizations in Massachusetts, 1912* (August, 1912, pp. 39).

The Bureau of Statistics of Massachusetts has published the *Twelfth Annual Report on Strikes and Lockouts*, for 1912 (Boston, 1912, pp. 62).

Additional *Hearings* on the Erdman act (see REVIEW, September, 1912, p. 725) have been published for April 15, 1912 (pp. 51). This includes the testimony of Judge Knapp and Commissioner Neill.

The *Proceedings of the Twenty-fifth Annual Convention of the International Association of Factory Inspectors*, held in 1911, may be obtained from its secretary, W. W. Williams, St. Louis, Mo. (pp. 141).

The Department of Labour of Canada has issued a special *Report on Labour Organization in Canada, 1911* (Ottawa, 1912, pp. 124) containing a brief account of international unions. In proportion to population, the number of members in trade-unions in Canada is not quite so large as in the United States.

Students interested in coöperation may obtain the *Twenty-sixth Report of the Labour Copartnership Association of England upon application* (6 Bloomsbury Sq., London, W. C., pp. 35, 2d.).

The Industrial Accidents Commission of Pennsylvania, appointed in February, 1912, has been engaged in making an investigation, and has drawn up a tentative act providing for employers' liability and workmen's compensation. The commission expects to submit its report within a short time. It is understood that a workmen's compensation law is to be recommended which will be elective in character, as a compulsory act would be unconstitutional. The customary defenses are removed to induce employers to adopt the principle. The scale of compensation to be proposed is quite similar to that in a majority of the acts already in preparation in the United States. One novel feature, however, is that in case of complete and permanent disability, compensation is to be continued after the customary 300 weeks at a low rate through the remainder of life. The secretary of the commission is Mr. Francis H. Bohlen, 34th and Chestnut Streets, Philadelphia.

### Money, Prices, Credit, and Banking

**RURAL CREDIT.** The platforms of the three leading political parties contain sections pledging the respective parties to the improvement of rural credit conditions if placed in power. The Republican administration, through the State Department, is at the present time collecting all possible information on rural credit activities in European countries and publishing reports as rapidly as data are made available. President Taft has notified the governors of the respective states of the desirability of improving rural credit and has indicated that a special conference of governors would not be out of place. He has also urged state legislation along this line. The Southern Commercial Congress is in charge of a movement to assemble a commission of one hundred members, to be made up of two members from each state, to tour

Europe during the early summer months of 1913 investigating rural credit systems and other problems of coöperation. Practically every program appearing in connection with farmers' institutes, national farmers' congresses, and agricultural workers carries one or more titles on rural coöperative subjects with rural credit holding first place.

J. L. C.

At the Fifth International Congress of Chambers of Commerce, Boston, Professor Irving Fisher of Yale University presented the official report on the topic for one of the sessions, "An International Conference on the Cost of Living." Professor Fisher sketched the history of the movement for an international conference, showing that the proposal arose from the persistent rise in prices since 1896, following a persistent fall for a quarter of a century. He spoke of the almost universal endorsement the plan had received both in this country and abroad, of the fact that President Taft in a special message recommended a conference, and that the Crawford-Sulzer bill, calling for such a conference, had passed the Senate and is now awaiting action by the House. At the close of Professor Fisher's address a resolution was unanimously passed endorsing the plan for such a conference, also recommending that when called, there should be laid before it the suggestion of the National Hungarian Commercial Association, recommending an investigation to secure a uniform system for constructing index numbers of prices. In order to illustrate the important subjects which might profitably be considered by such an international conference, Professor Fisher explained briefly a suggestion of his own for making the purchasing power of the dollar more stable by virtually increasing the weight of the dollar in proportion to each successive rise in the index number of prices; and for a fuller statement he referred his hearers to the last chapter of his book on *The Purchasing Power of Money*, and a mimeographed memorandum which he distributed at the Congress.

A commission has recently been appointed by the government of New Zealand to make a thorough inquiry into the subject of the rising cost of living in that country. It will have sittings at Dunedin, Christchurch, Wellington, and Auckland to examine witnesses and to call "for and examine all such books and records as are deemed likely to afford the fullest information on the subject matter of the inquiry."

Under date of March 13, 1912, President Taft transmitted a message on *Coöperation and Cost of Living in Certain Foreign Countries*

(H. Doc. 617, 62 Cong., 2 Sess., pp. 248). The bulk of the volume is made up of consular reports with an analysis by the Bureau of Trade Relations, Department of State.

The Bureau of Labor has issued two bulletins, *Retail Prices, 1890 to 1911* (Washington, No. 105, Part I, pp. 48) and *Retail Prices, 1890 to June, 1912* (No. 106, Part I, pp. 31). It is announced that the Bureau plans to publish a current price report every two months.

*The Congressional Record* for August 14, 1912 contains the speech of Senator Fletcher in regard to agricultural credit. In this speech is incorporated the complete proceedings of the fourth annual convention of the Southern Commercial Congress, held in Nashville, Tenn., April 1-10, regarding the plan of an investigation in Europe of rural finance.

Further issues on the *Money Trust Investigation* have appeared. Part 3 (pp. 171-267) contains the testimony of Mr. Sherer, manager of the New York Clearing House Association; Part 4 (pp. 269-342), the testimony of Messrs. Vanderlip, Hepburn, Ely, secretary of the New York Stock Exchange; Part 5 (pp. 343-411), Mr. Cannon, Mr. Mabon, president of the New York Stock Exchange; and Part 6 (pp. 414-504), Mr. Cortelyou in regard to the relief of the money market in 1907.

#### Public Finance

##### *Editor of The American Economic Review:*

In an article on the "Report of the Tariff Board on Wool and Woolens," published in the issue of this REVIEW for June, 1912, I referred at page 257 to some statistics on the efficiency of American weavers as being "nothing more than the raw material on which a report might be based." Mr. F. J. Sheridan, who had a large part in gathering and arranging this material for the Tariff Board, calls my attention to the fact that, preceding the hundred pages on which the figures are given in detail, are summarized statements of the results (at pp. 1045 seq. of the *Report*). It cannot be fairly said, in view of these valuable summaries, that only the raw material for a report was given, and I am glad to call attention to the need of correction in my statement. Whether it still remains true that the plan of the report on woolens could have been improved, and whether it contains such comparisons between foreign and domestic costs as were expected from the Board, I leave to the judgment of the conversant reader.

F. W. TAUSSIG.

PROPOSAL FOR A NATIONAL BUDGET. On June 27, President Taft transmitted to Congress, with a special message, a report by the Commission on Economy and Efficiency dealing with *The Need for a National Budget* (H. Doc. 854, 62 Cong., 2 Sess., 1912, pp. vii, 568). The report is divided into three parts, to which are added a number of appendices.

Part I describes in detail the present practice in regard to the compilation and submission of estimates to Congress by the Secretary of the Treasury, the consideration of estimates and enactment of appropriation bills by Congress, and the policy of Congress with respect to the control of expenditures by administrative officers.

Part II embodies the recommendations of the commission with a full explanation of their purpose, and a discussion of the considerations on which they are based. These recommendations are summarized as follows:

1. That the President, as the constitutional head of the executive branch of the government, shall each year submit to Congress a budget.
2. That the budget so submitted shall contain:
  - (a) *A budgetary message.*
  - (b) *A summary financial statement* setting forth:
    - (1) The financial condition;
    - (2) A statement of the condition of appropriations and other data pertaining to the funds of the government;
    - (3) An account of revenues and expenditures for the last completed fiscal year; and
    - (4) A statement showing the effect of past financial policy as well as of budget proposals on the general-fund surplus.
  - (c) *A summary of expenditures*, classified by objects, setting forth the contracting and purchasing relations of the government.
  - (d) *Summaries of estimates*, setting forth:
    - (1) The estimated revenues; and
    - (2) Estimated expenditures.
  - (e) *A summary of changes in law*, setting forth what legislation it is thought should be enacted in order to enable the administration to transact public business with greater economy and efficiency.
3. That the Secretary of the Treasury be required to submit to Congress the following detailed reports:
  - (a) *A book of estimates*, containing the supporting details to the summaries of estimates of expenditure contained in the budget.
  - (b) *A consolidated financial report*, containing a detailed statement of revenues and a consolidated statement of expenditures by departments and establishments for the last five fiscal years, with explanatory matter.

To provide for the carrying out of the above proposal it is recommended that the necessary changes in the accounting systems of the



departments be made, and it is also suggested that "the President recommend for the consideration of the Congress such changes in the form of the appropriation bills as will enable the government to avail itself of the benefits of the exercise of discretion on the part of the executive in the transaction of current business in order that the government may do work and accomplish results with economy and efficiency as well as definitely fix responsibility for failure so to exercise such discretion."

It should be noted that the commission being appointed by, and reporting to, the President, confines its recommendations, with the exception just noted, to the preparation and presentation of the budget by the executive and does not attempt to deal with the organization and practice of Congress for the purpose of considering the budget and enacting it into law.

Part III contains the tabular forms for the proposed budget statements and supporting documents, filled out, so far as possible, with figures taken from current reports and estimates, while the appendices furnish digests of the laws governing the preparation and submission of estimates, appropriations and allotments; a description of the reports submitted to Congress by the departments; a bibliography of congressional inquiries into methods of conducting business by the executive departments; and the answers to a questionnaire on budget practices submitted to a long list of foreign governments.

Taken as a whole the report furnishes a vast amount of information in regard to budgetary practices in this and other countries and represents the first attempt to work out in detail a real budget statement for the United States.

On July 10 the President issued an order to the heads of departments directing them to prepare two sets of estimates, one in accordance with existing legislative requirements and practice, the other in accordance with the forms suggested by the commission, and announced his intention of sending to Congress a budget statement. With a view to preventing the carrying out of this intention, Congress incorporated in the legislative, executive, and judicial appropriation act a provision "that until otherwise provided by law, the regular annual estimates of appropriations for expenses of the government of the United States shall be prepared and submitted to Congress by those charged with the duty of such preparation and submission, only in the form and at the time now required by law, and in no other form and at no other time."

In a letter dated September 19 and addressed to the Secretary of

the Treasury, the President maintains that in so doing Congress has exceeded its authority, and directs the Secretary of the Treasury and the heads of departments to proceed with the preparation of statements in accordance with his order of July 10.

It is to be hoped that the President will carry out his intention.

H. B. G.

**THE FEDERAL CORPORATION TAX ON LIFE INSURANCE.** The federal corporation tax law of 1909 provided that every insurance company should pay a special excise tax equivalent to one per cent upon the net income received by it annually from all sources, exclusive of amounts received as dividends from the stock of other corporations. The method of determining the net income was provided for in the law, specifying that the gross income must be stated and that the expenses of the business, losses and depreciation, interest, taxes, and dividends from other companies might be deducted from the gross income to find the net income taxable by law. The Commissioner of Internal Revenue prepared the proper blanks for assessing the various life insurance companies, and collected the same for the years 1909 and 1910.

The Mutual Life Insurance Company of New Jersey brought suit early in 1912 against the United States collector in the district court for the district of New Jersey, claiming that the tax was paid under duress, and that the corporation act had been wrongly interpreted in holding that the dividends paid by the company to its policy holders had been included within the net income taxable by law. Counsel for the company and for the United States agreed upon the essential facts upon which a judgment should be rendered.

The court in the discussion of the case summarized the points at issue as follows: "First, whether certain so-called dividends are or are not 'income received' within the meaning of the statute; second, whether certain so-called 'supplementary policy contracts' should be represented in the reserve funds; third, whether for the purpose of taxation the corporation's statement should be made on a 'cash' or on a 'revenue' basis; and lastly, whether expenditures for replacing furniture, etc., should be considered as an investment or an expense."

After a discussion of the law, and a somewhat more extended inquiry into the nature of life insurance dividends, the court decided in favor of the company on all the points at issue.

It is interesting to note that while the law is particularly explicit in requiring that all accounts should be upon the basis of items actually paid or received during the year, the Commissioner of Internal Revenue

has uniformly held in his administrative rulings that the reports of all corporations must be made upon the accounting principle of charging upon the books the transactions occurring during each year whether paid for or not. In the decision of the court, the principles of accounting upon which the act was based by Congress were strictly adhered to. The court italicizes in several cases the words "actually paid" and states that since only such deductions from gross income as are actually paid during the year are to be included in the accounts, it would be unfair if the company were charged with what it had not received during the year. In confirmation of this point the court states, "Money earned as interest, however well secured or certain to be eventually paid, cannot, in fact, be distributed as dividends to stockholders, and does not constitute surplus profits within the meaning of the statute."

While the Commissioner of Internal Revenue was undoubtedly correct in his ruling when the question is considered from the economic and accounting point of view, it is also equally true that the court has interpreted the law in accordance with the intentions of the legislators and according to the ordinary meaning of the language used in the act.

By adhering to a strict interpretation of the language of the statute, the court has exempted the insurance companies from a burden which the United States Congress presumably desired to place upon them, but from which, under the general theory of the corporation tax, they should be exempt.

MAURICE H. ROBINSON.

*University of Illinois.*

*Hearings* before the Subcommittee of the House Committee on Appropriations in charge of the Sundry Civil Appropriation bill for 1913, relating to the President's Commission on Economy and Efficiency (Washington, 1912, pp. 175), contains the testimony by Mr. F. A. Cleveland, chairman of the commission, in which there is much useful information in regard to accounting and methods of preparing the federal budgets.

In continuation of the record of tariff documents is to be noted the *Veto Message Relating to Wool Bill*, published as House Document, No. 903, 62 Cong., 2 Sess. (August 9, 1912, pp. 4.)

On May 31, 1911, a law was passed in Ohio limiting the tax rate. For 1912 it could not exceed the rate for 1911 plus six per cent, and in general was not to exceed one mill on the dollar. The author of an instructive article in "Collier's Weekly" (*A Premium on Lying*, by A. J. Nock, June 15, 1912) points out that the rapidly growing cities of

the state have been sadly crippled in their school work by this limitation upon their revenues. A few cities have managed to meet the growing demands upon them by the use of accumulated surpluses, but after this year that resource will be exhausted. Other municipal functions are or soon will be similarly hampered. The original passage of the law is attributed to the influence of the tax commission, which believes strongly in the enforcement of the general property tax, and hopes by this measure to make it popular. It may be noted in passing that the failure of the recent constitutional convention in Ohio to provide for adequate revision of the taxation sections of the old constitution was due to the same influence. Ohio has not merely taken a step backward in matters relating to taxation, but has failed to avail herself of the best opportunity to advance that has been presented in sixty years.

E. L. BOGART.

The State Tax Commission of Wisconsin has issued a new compilation of the laws of the state relating to *Assessment and Collection of Taxes*, including explanatory notes and decisions (Madison, 1912, pp. 198). The last previous edition was published in 1906.

The Minnesota Tax Commission has issued a reprint of the recent law enacted in 1911 relating to the *Assessment and Taxation of Money and Credits with the Text of the Decision of the Supreme Court Sustaining the Constitutionality of the Law and Denying the Right to Deduct Debts from Credits* (St. Paul, 1912, pp. 12).

A second edition of the *First Annual Report of the New Hampshire State Tax Commission* has been published (Concord, March, 1912, pp. 104, 69).

The Municipal Finance and Taxation Committee of the Civic League of St. Louis, has issued a leaflet on *The Taxation Amendments to the State Constitution* (St. Louis, Henry B. Wallace, chairman).

The Bureau of Municipal Research of New York has compiled its activities in a pamphlet *Six Years of Municipal Research for New York City, Record for 1906-1911* (261 Broadway, 1912, pp. 80).

The Department of Taxes and Assessment of the City of New York has published, for use by its deputy tax commissioners, a pamphlet in regard to *Factors of Value of New Buildings and Explanation of Land Value Maps* (1912, pp. 22).

Students interested in the development of the agitation for the taxation of land values in Great Britain will find useful data in the *Fifth*

*Annual Report of the United Committee for the Taxation of Land Values, 1911-1912* (11 Tothill St., Westminster, London, W. C.).

The British Departmental Committee on Local Taxation has published with its first report two appendices containing *Minutes of Evidence* (Cd. 6303 I, 4s.) and *Memoranda* (Cd. 6303 II, 1s. 4d.).

In Vol. XVIII, No. 1, of *Mitteilungenden des k.k. Finanzministeriums* of Austria (Vienna, 1912, pp. 665) may be found the bibliography of Austrian financial literature for 1911, covering 37 pages.

"Tariff Series," No. 28, of the Department of Commerce and Labor, is entitled *Customs Tariff of Japan*, in which there is a brief tariff history, prepared by Frank R. Rutter (Washington, 1912, pp. 88).

Recent pamphlets published by the World Peace Foundation (29A Beacon St., Boston) having some financial interest are *The Drain of Armaments*, which contains statistics showing the cost and relation to national indebtedness of military and naval establishments; and *Syndicates for War*, formerly published as London correspondence of the "New York Evening Post," in which the influence of the manufacturers of war material upon military and naval estimates is discussed.

At the annual conference of the National Tax Association, held in Des Moines, September 3-5, the chief topics of discussion were: separation of state and local revenue in California; taxation of public service corporations in Minnesota; experience with 3-mill tax on moneys and credits; first year of state income tax in Wisconsin; first year of "model inheritance tax law" in New York; suggestions for a practical plan of forest taxation; proposed improvements in Iowa tax laws; special tax commissions and the problems they are studying; tax reform in Louisiana; state conferences and associations.

### Insurance

William T. Emmet, superintendent of insurance of New York, at the National Convention of Insurance Commissioners, held in July, 1912, gave an address on *Adequate Reserves against Employers' Liability and Workmen's Compensation Risks* which has been reprinted as a pamphlet (pp. 11). Legislatures have only recently begun to fix the reserves of liability companies and in view of the rapid enactment of workmen's compensation laws, the need of adequate reserves will assume new importance.

*The Report of the Special Fire Insurance Committee of the Louis-*

ville Board of Trade (March 26, 1912, pp. 53) contains the text of the act creating a state insurance board, March, 1912, and excerpts of the publications which have been issued by the committee since its organization.

The argument of Mr. George H. Holt, presented to the Illinois Insurance Legislative Committee of Chicago, January, 1912, on *State Control of Fire Insurance*, has been printed as a pamphlet. The author pleads for the creation of a separate board, as has been recently enacted in Kentucky (Chicago, Policy Holders' Union, pp. 30).

### Demography

The *Special Report on Immigration* into Canada, by Arthur Hawkes, Commissioner (Ottawa, Department of the Interior, 1912, pp. 93) is written with a freshness both of views and of style not common in government bluebooks. The author is an English journalist who has made his home in Canada for some years, and was prominent in the campaign against reciprocity a year ago. Attention is concentrated on the needs of the eastern provinces for closer settlement and more intensive agriculture; as the experienced and adaptable American settler goes mainly to the prairie west, reliance must be placed, according to the commissioner, on the British Isles. So far as existing conditions are concerned, United States readers will find of most interest the references to the remarkable advertising campaign carried on by the Dominion, Australia's recent and lavish bid for immigrants to meet the yellow peril, the change in rural conditions in the United Kingdom, and the prejudice against Englishmen in Canada. One remarkable fact noted is that whereas as late as 1900 only one of every three emigrants from the United Kingdom went to other sections of the British Empire, now four of every five remain under the flag. The improvements suggested include more systematic coöperation between provincial and federal authorities, a more personal campaign, a more friendly attitude toward local and charitable authorities in Britain, and utilization of national credit to further settlement, not as in the past, by subsidizing railways, but by preparing ready-made farms for settlers—an expedient which the provinces of Nova Scotia and New Brunswick and the Canadian Pacific Railway have already begun.

O. D. S.

## PERIODICALS

The REVIEW is indebted to Robert F. Foerster for abstracts of articles in Italian periodicals, and to R. S. Saby for abstracts of articles in Danish and Swedish periodicals.

### Theory

(Abstracts by W. M. Adriance)

AFTALION, A. *Les trois notions de la productivité*. Rev. d'Econ. Polit., Mar.-Apr., May-June, 1911. Pp. 65.

Holds that total productivity, specific productivity in goods, and specific productivity in value should be carefully distinguished. But perhaps the main interest of the study attaches to the author's consideration of the proposition that the marginal productivity of an agent and its remuneration vary together. The meaning of the word "productivity" is not clear. The suspicion arises that it means nothing more nor less than "desiredness," in which case the proposition reduces to the truism that an agent is remunerated in proportion to the degree of desire for it.

BICKERDIKE, C. F. *The principle of land value taxation*. Econ. Journ., Mar., 1912. Pp. 15.

The valid principle which underlies and justifies land value taxation is not the redistribution of wealth, but the maximizing of efficiency in production. Land values should be taxed for local rather than for national purposes, as the land value is created by the aggregation of people in the locality, and efficiency is promoted when the creators of value profit by it.

BRISMAN, S. *Kapitalet och kapitalräntan*. Ek. Tids., No. 3, 1912. Pp. 32.

The author finds indefinite terminology the great source of difficulties in the study of capital and points out different ways in which the word is used. He discards the productivity theory of interest and likewise that of Böhm-Bawerk, agreeing with Cassel that the interest rate can only be understood in the light of supply and demand capital.

BRISMAN, S. *Prof. Wicksells framställning af kapitalet och kapitalräntan*. Ek. Tids., No. 4, 1912. Pp. 13.

A criticism of Prof. Wicksell's presentation of capital and interest in his recently published "Lectures in Political Economy"—on the whole, unfavorable.

EHRENBERG, R. *Zur gegenwärtigen Krisis in der deutschen Wirtschaftswissenschaft. Privatwirtschaftliche Untersuchungen*. Archiv f. exakte Wirtschaftsforschung, IV, 1912. Pp. 23; 40.

These articles give some clue to the present status of economics in Germany, as to method and point of view. The author outlines his own views and those of Pohle, Sombart, and Schmoller, noting the particulars in which his own system is out of the ordinary.



EDGEWORTH, F. Y. and MOORE, H. L. *Professor Moore's "Laws of Wages."* Econ. Journ., June, 1912.

In a review in the March number of the Journal, Professor Edgeworth takes issue with Professor Moore at certain points. In the June number both men continue the discussion. The argument is largely mathematical in character.

GIDE, C. *Le matérialisme et l'économie politique.* Rev. d'Econ. Polit., Mar.-Apr., 1912. Pp. 11.

Read at a meeting for the discussion of present day materialism—a meeting at which Bergson, Henri Poincaré and others were present. At first glance the science would seem ultra materialistic. But the idea of wealth has undergone an upward evolution. It has been conceived successively as the "product of the earth, the product of labor, the product of desire. And the desire for wealth tends to be successively a desire for gratification, a desire for power, and a desire to render service." The article gives a broadly optimistic and non-materialistic interpretation of present day economic forces.

I. F. *Industriestatistikens "produktionsvärde."* Ek. Tids., No. 4, 1912. Pp. 7.

An unfavorable criticism of that part of the 1910 Statistical Report (Swedish) which deals with the "value of production."

JANNACCONE, P. *Il "Paretaio."* Rif. Soc., May, 1912. Pp. 32.

Pareto has had the misfortune of achieving a vogue; his writings have been freely cribbed by newer economists. The author's thesis is substantiated by many citations.

LEHNFELDT, R. A. *Public loans and the modern theory of interest.* Econ. Journ., Mar., 1912. Pp. 18.

An interesting attempt to formulate practical rules for the issuing, repaying, and refunding of government loans in accordance with the modern theory of interest as worked out by Irving Fisher and others.

LORIA, A. *Pro doctrina mea.* Rif. Soc., Apr., 1912. Pp. 25.

A refutation of charges that have been directed by various critics during late years against certain of the author's leading theories, particularly as regards income.

MACDONALD, R. A. *Ricardo's criticisms of Adam Smith.* Quart. Journ. Econ., Aug., 1912. Pp. 44.

An attempt is made to account for the conflict of opinion.

MUTSCHLER. *L'organisation des consommateurs et la théorie marxiste.* Rev. Soc., Feb., 1912.

O'FARRELL, H. H. *The possibility of certain gains from protection duties.* Quart. Journ. Econ., Aug., 1912. Pp. 6.

Combats Professor Taussig's proposition (*Principles of Economics*, bk. IV, ch. 37, sec. 1.) that in certain hypothetical cases the disadvantages of protection may, to some extent, be offset by an increased purchasing power over foreign, as distinguished from domestic, commodities.

PATTEN, S. M. *The revival of economic orthodoxy.* Pop. Sci. Mo., Sept., 1912. Pp. 4.

An attack directed against Professor Carver's article in the May number of the "Popular Science Monthly." The subject of dispute is the law of diminishing returns. (Cf. article by J. R. Turner, noted below.)

POHLE, L. *Das schwabesche Gesetz über das Verhältnis von Einkommen und Miete.* Zeitschr. f. Socialwis. III, 2, 1912. Pp. 4.

An interpretation of certain statistics bearing on the relation between income and rent in a number of German cities.

POTRON, M. *Possibilité et détermination du juste salaire et du juste prix.* Mouv. Soc., Apr. 15, 1912.

SPANN, O. *Neuere sozialphilosophische literatur.* Zeitschr. f. Socialwis., July, 1912. Pp. 10.

Comments on a group of books in the socio-philosophical field; among them Vorländer's *Kant und Marx*, Plenge's *Marx und Hegel*, Mayer-Moreau's *Hegels Socialphilosophie*, and Windelband's *Einleitung in die Philosophie*.

TURGEON, C. *Le conception matérialiste de l'histoire d'après Marx et Engels.* Rev. d'Econ. Pol., May-June, 1911. Pp. 42.

A merciless inquiry as to just what Marx and Engels meant by the economic interpretation of history. The writer accuses Marx of vagueness, and Engels of hedging.

TURNER, J. R. *Henry C. Carey's attitude toward the Ricardian theory of rent.* Quart. Journ. Econ., Aug., 1912. Pp. 29.

Ricardo's rent concept is static; Carey's dynamic. So though Carey's slogan was "increasing returns," his concept was not antithetical to Ricardo's as is currently stated. The two men simply proposed different problems to themselves. Their views "were not opposite views of the same thing."

VACCARO, M. A. *La concezione sociologica del progresso.* Riv. Ital. di Sociol., Mar.-Apr., 1912.

A discussion of the origin of the notion of progress, an historical survey of changes in the notion, and a statement of some of the implications of progress.

WOODBURY, R. M. *Wages and ability.* Quart. Journ. Econ., Aug., 1912. Pp. 5.

An adverse criticism of Professor H. L. Moore's *Laws of Wages*.

### Economic History, Foreign

(Abstracts by Clive Day)

BALLOT, C. *La révolution technique et les débuts de la grande exploitation dans la métallurgie française: L'introduction de la fonte au coke en France et la fondation du Creusot.* Rev. d'Hist. Doct. Econ., No. 1, 1912. Pp. 33.

A valuable contribution, based on material in the National Archives,

describing the means taken to secure a knowledge of the new metallurgical processes from abroad, and the active part played by a brother of John Wilkinson in their application at Creusot; and suggesting the reasons why the iron industry developed so slowly in France.

BUER, M. C. *The industrial revolution and the middle classes*. Clare Market Rev., May, 1912.

CRESSY, E. H. *Some social and economic results of the revolution in China*. Survey, Oct. 5, 1912. Pp. 3.

DELVAILLE, J. *Angé Goudar et son projet pour la repopulation en 1756*. Rev. d'Hist. Doct. Econ., No. 1, 1912. Pp. 28.

Summary and appreciation of the projects of Goudar, in *Les intérêts de la France mal entendus*, to stimulate the growth of the French population.

DOUBT, A. G. *Economic changes in the textile and dress industries*. Econ. Journ., June, 1912. Pp. 5.

Statistical study with respect chiefly to capital and persons employed.

FERNAND-JACQ. *Le bi-centenaire de Jean-Jacques Rousseau (1712-1912)*. Journ. des Econ., June, 1912. Pp. 14.

An appreciative and sharp criticism of Rousseau's work and influence. He is pictured as the patron saint of modern demagogy.

GRAS, N. S. B. *Tudor "Books of Rates": A chapter in the history of the English customs*. Quart. Journ. Econ., Aug., 1912. Pp. 10.

A substantial contribution both to the bibliography and to the substance of commercial history.

GUERIN, L. *Le développement économique de la France: les industries textiles*. Mus. Soc. Mem., May, 1912. Pp. 43.

The author, himself a distinguished manufacturer, gives an admirable account of the present condition of French textile manufactures, with a suggestion of the reforms which seem to him desirable.

HAMILTON, M. A. *Sozialreform und öffentliche Meinung in England*. Zeitschr. f. Volkswirtsch., XXI, 4, 1912. Pp. 22.

A comprehensive survey of conditions and tendencies of the last few years; inevitably more broad than deep.

LAFOND, G. *L'évolution économique de la République Argentine*. Journ. des Econ., June, July, Aug., 1912. Pp. 11, 9, 23.

REDFIELD, W. C. *The progress of Japanese industry*. Oriental Rev., Sept., 1912. Pp. 8.

Popular and general account; defends Japanese against charge of commercial dishonesty.

SNODGRASS, J. H. *A year's economic review of Russia*. Daily Cons. & Trade Repts., Oct. 9, 1912. Pp. 7.

VOVARD, A. *D'une bibliographie générale d'histoire économique*. Monde Econ., Mar. 16, 1912.

————— *The rise and fall of the indigo industry in India.* Econ. Journ., June, 1912. Pp. 10.

Traces the development of indigo planting until 1897, when the Germans began to compete successfully with the synthetic product.

### Economic Geography

(Abstracts by E. V. D. Robinson)

BAIN, H. F. *Alaska coal-land problems.* Bull. Am. Inst. of Min. Engrs., Aug., 1912.

BELBY, G. T. *The coal resources of Great Britain.* Mech. Engr., May 10, 1912.

HEWES, J. E. *Advantages to communities through the development of water-powers.* Elec. Ry. Journ., Oct. 9, 1912.

Power developments would check floods, improve navigation, and save coal. Government should let power sites go to private interests, free or at nominal rental. Technically possible to cover the United States with network of high tension lines.

KALMUS, H. T. *Conservation and research.* Science Conspectus, Apr., 1912.

Output of coal and iron has doubled in 10 years which "means that output of last decade has exceeded all previous decades." Half of coal is left in ground and of that raised, only 11 per cent is effectively utilized. Business of research man is to raise this per cent. Similar opportunities exist in many industries.

PARKER, E. W. *The coal supplies and coal production of the United States.* Quart. Pubs. Am. Stat. Assoc., June, 1912.

Coalfields of the United States aggregate 310,000 square miles so far as known, but may exceed 500,000, and contain probably 3,200,000 million tons or eight times the reserves of all Europe. Total use to date is less than one half of one per cent of the original supply.

————— *Mineral wealth wasted in the United States.* Ry. & Engg. Rev., Sept., 14, 1912.

Summary of report on mineral wastes of Bureau of Mines.

### Agricultural Economics

(Abstracts by John Lee Coulter)

BEATY, D. G. *Management of farm land.* Farm and Home (Mass.), No. 687, 1912.

Different systems of renting land as they affect both landlord and tenant.

BROOMHALL, W., editor. *Ownership or tenancy of agricultural land.* Country Gentleman (London), Estate Book, 1911. Pp. 5.

Merits of ownership considered and discussion as to desirability of small proprietorship *vs.* the present tenant system. Present system—farms generally operated by tenants—defended.

CANCE, A. E. *The decline of the rural population in New England*. Quart. Pubs. Am. Stat. Assoc., Mar., 1912. Pp. 5.

CARVER, T. N. *Economic significance of changes in country population*. Ann. Am. Acad., No. 129, 1912. Pp. 4.

Careful review of present tendency; statement of its significance; steps to stop the movement; and discussion of probable results.

CORBETT, J. S. *Agricultural coöperation*. Coöperation (London), No. 2, 1911. Pp. 4.

Discussion of possibilities of coöperation, profits of middlemen, increase in prices of farm products, and large tenant *vs.* small holders.

COULTER, J. L. *The rural South*. Quart. Pubs. Am. Stat. Assoc., Mar., 1912. Pp. 20.

Paper presented at joint meeting of the American Economic Association and the American Statistical Association. A review of the changes in extent and organization of agricultural activities in the South from 1860 to 1910, including a study of the size of farms, tenant and labor systems. In the same number are discussions of this paper by E. C. Branson, W. E. Dubois, H. B. Frissell, and W. H. Glasson.

DE FONTGALLAND, A. *Le développement économique de la France. L'agriculture*. Mus. Soc. Mém., Mar., 1912. Pp. 52.

A comparatively brief but comprehensive review of the present status of the agricultural industry as well as the chief changes in recent years and the reasons for such changes, such as legislation, exports, and imports. Statistics show the value, number and extent of agricultural holdings, the sizes of farms, organizations of farmers, etc. Introductory and concluding papers by M. Viger (Pres.).

GILLETTE, J. M. *Nature of the rural social problem*. Quart. Journ. Univ. N. Dak., Apr., 1912. Pp. 12.

Covers many economic as well as social problems. To be chapter VII in forthcoming book on *Rural Sociology*.

GRAY, L. C. *Southern agriculture, plantation system, and the negro problem*. Ann. Am. Acad., March, 1912. Pp. 9.

A study of the present plantation system, large *vs.* small farms, hired labor system *vs.* tenant system, credit system, etc.

HIBBARD, B. H. *The decline of rural population*. Quart. Pubs. Am. Stat. Assoc., Mar., 1912. Pp. 10.

Paper presented at joint meeting of American Economic Association and American Statistical Association. Brief summarization of movement and present status in different parts of the United States.

HOUGHTON, M. B. *Marketing of the cotton crop of the South*. Bull. Agr. Dept. Ala., No. 49, 1911. Pp. 13.

Present system of marketing condemned and faults noted; speculation as a factor described and condemned; substitute system outlined and advocated.

LANWICK, M. *Tariff revision and agrarian protection in Belgium*. Rev. Econ. Intern., III, No. 2, 1911. Pp. 26.

Legislative needs of Belgium farmers and extent to which past laws have influenced the prosperity of farmers.

MARQUESS OF LINCOLNSHIRE. *Rival land policies*. Nineteenth Cent., June, 1912.

MILLER, E. E. *The need for long leases*. Country Gentleman, No. 5, 1912. Pp. 13.

Reasons why the short-term lease is wrong from viewpoint of public policy, as well as that of tenant and landlord, and advocacy of long-term leases.

DE MOLINARI, M. *Movement agricole*. Journ. des Econ., Nov. 15, 1911; Feb., 1912; May, 1912. Pp. 12, 12, 12.

A series of articles covering a wide scope from scientific discoveries, use of fertilizers, telephones and automobiles in agriculture, to the supply and demand of products, exports and imports, organization for sale, agricultural insurance, etc.

NELSON, H. N. *A successful farmers' elevator*. Nebr. Farmer, No. 1, 1912. Pp. 3.

An examination of the 22 years of experience of a successful farmers cooperative elevator company.

OPPERMANN, A. *Fremtidsudsigterne for dansk Naaletræ*. Nat. Øk. Tids. Jan.-Feb., 1912. Pp. 19.

In the last thirty years pine tree culture has increased with great rapidity in Denmark and presents new problems in forest management.

PROTHERO, R. E. *Agricultural laborers and landlords*. Quart. Rev., May, 1912.

SYMONS, G. *Small holdings*. Agr. Students' Gaz., New series, No. 5, 1911. Pp. 4.

Discussion of experience of new holders of small farms who devote all of their time to their farms and of those who cultivate small tracts in addition to their regular employment; also, consideration of the benefits of credit.

TSCHUPROW, A. *The break-up of the village community in Russia*. Econ. Journ., June, 1912. Pp. 25.

Historical, descriptive, and analytical survey of movement.

TWITCHELL, G. M. *A better net price: the rights of the producer in the consumer's dollar*. Amer. Cult., No. 11, 1911. Pp. 4.

Abstract of address before Massachusetts State Board of Agriculture. Analysis of proportion of each dollar which goes to farmer and middlemen.

WOLFF, H. W. *Small holdings and land banks*. Econ. Rev., Apr. 15, 1912.

Two views of the "back to the land" movement. World's Wk., Apr., 1912.

— *Diversified farming with tenants in Louisiana.* Farm and Ranch, No. 1, 1912. Pp. 4, 5, 8.

Experience in combining the hired labor system and tenant system with diversified farming; successes, and possibilities of re-organization of southern plantation system.

— *The rural exodus in France.* Ireland Journ. (Dept. Agric. & Tech. Instr.), 1911. Pp. 4.

Historical and statistical study of movement with attempt to give reasons for same, and remedies suggested.

### Railways

(Abstracts by Ernest R. Dewsnap)

ACWORTH, W. M. and PAISH, G. *British railways: their accounts and statistics.* Journ. Royal Statist. Soc., June, 1912. Pp. 57.

The returns, though improved by the act of 1911, still fail to provide for certain important items, of which ton and passenger mileage is the most important.

COLEMAN, W. C. *The commerce clause and intra-state rates.* Columbia Law Rev., April, 1912.

The Minnesota rate decision is criticized adversely.

DAUSSET, M. L. *The influence of an electric railway in the development of large cities and their social aspects.* Elec. Ry. Journ., Aug. 3, 1912. Pp. 2.

By the comptroller of the city of Paris. There is included a table showing the increase in rides per inhabitant in most of the large cities of the world.

DESFORGES, G. *Transports intérieurs français et transports internationaux.* Journ. des Transports, July 6, 1912. Pp. 2.

Discusses the liability of the carrier for loss or damage in the case of both internal traffic and that conveyed under the regulations of the Berne Convention.

DUNN, S. O. *Government regulation of railway operation.* Proceedings St. Louis Ry. Club, Sept. 13, 1912. Pp. 34.

Discusses legislation relating to accidents, reciprocal demurrage, pooling and labor disputes.

EDGEWORTH, F. Y. *Contributions to the theory of railway rates. III.* Econ. Journ., June, 1912. Pp. 21.

Under the head of monopoly value, considers the influence of demand and cost and their variations, on discriminations in rates.

EVERSMAN. *Die canadische Ueberlandbahn und ihre wirtschaftliche Bedeutung. II, III.* Archiv f. Eisenbahnw., May-June, July-Aug., 1912. Pp. 50.

Special attention to (1) competing lines, (2) the significance of the road with regard to colonization, farming and the grain trade, (3) tariff policy and legislative control.



FINLEY, A. *Effect of transportation on the cost of living.* Ry. & Engg. Rev., Sept. 28, 1912. P. 1.

Railway transportation has done more than its pro-rata share in keeping the cost of living down to the minimum.

GAINES, M. W. *Reasonable regulation of railway rates.* Ry. Age. Gaz., June 28, 1912. Pp. 4.

The decisions of the commission in the Spokane and Intermountain cases are severely criticised, and the present system of rate-making is condemned.

GEDDIE, L. *The transafrican railway.* Chambers' Journ., July, 1912.

HANSEL, C. *Railroad appraisal and taxation in N. J.* Engg. News, Aug., 22, 1912. Pp. 2½.

Explains and defends the method of appraisal followed in the New Jersey valuation.

HEINE, R. *Die Verbesserung des Güterverkehrs auf den k. k. Staatsbahnen.* Zeitsch. d. Oest. Ing. u. Arch. Ver., May 17, 1912. Pp. 2½.

An official exposition of the operating needs of the Austrian state railway system.

HILL, J. J. *History of the Great Northern Railway.* Ry. & Engg. Rev., Sept. 28, 1912. Pp. 1½.

HURD, E. C. *The organization for and methods and results of physical valuation in Nebraska.* Engg. & Con., July 31, 1912. Pp. 5.

By the valuation engineer of the state railway commission.

JOHNSON, E. R. *The canal and transcontinental traffic.* Ry. Age. Gaz., Aug. 2, 9, 1912. Pp. 8.

JOHNSTON, H. H. *Railway projects in Africa and the near east.* Nineteenth Cent., Sept., 1912. Pp. 12.

LEROY-BEAULIEU, P. *Les grandes compagnies de chemins de fer français en 1911. I. II.* L'Econ. Franç., July 27, Aug. 17, 1912. Pp. 4.

LOOMIS, N. H. *Taxation in Keith county, Nebraska.* Ry. Age Gaz., Aug. 16, 1912. P. ½.

In Keith county, the Union Pacific pays taxes at the rate of \$11.48 per capita of population, as against \$9.52 paid by other property. It pays 55.38 per cent of all its net earnings in the county.

MACLER, C. *Les crédits supplémentaires des chemins de fer de l'Etat devant le Parlement.* Journ. des Econ., Aug., 1912. Pp. 14.

MARKS, M. M. *Bourne bill's many defects.* Greater New York, July 15, 1912. Pp. 2.

Text of a hostile report on the Bourne parcels post zone bill by the postal committee of the Merchant's Association of New York.

MARTIN, P. F. *Le chemin de fer de Bagdad.* Journ. des Transports, July 20, 1912. P. 1.

Reproduced from the "Railway Gazette" of London. The Bagdad railway project is under the domination of German financial interests and is likely to prove a good thing to them. The line assures to Germany commercial predominance in the Orient.

McPHERSON, L. G. *Commerce, the commission and the courts.* Ry. Age Gaz., June 21, 1912. Pp. 3.

A brief outline of a number of the cases in which conflict of opinion has occurred between the Commerce Court and the Interstate Commerce Court.

MERTENS. *Die wirtschaftliche Lage Russlands an der Hand des Entwurfes zum Reichsbudget, 1912.* Archiv f. Eisenbahnw., July-Aug., 1912. Pp. 19.

NEWCOMB, H. T. *Railway capitalization and traffic.* Ry. Age Gaz., Sept. 13, 1912. Pp. 2½.

Future investments of capital in the railways of the United States will show decreasing rates of return, when measured by the volume of transportation or, unless rates are reduced, by the revenue produced.

OYEN, H. *Making business to order.* World's Wk., July, 1912. Pp. 4½.

Examples are given of the way in which industrial development has been fostered by the Santa Fé railway.

PARDEE, J. S. *How we kicked sixteen billions upstairs.* American, Sept., 1912. Pp. 9.

With light touch, the author depicts the advantages that have accrued to the railways from regulation.

PAWLOWSKI, A. *Les résultats de l'exploitation des chemins de fer français, anglais et allemands en 1910.* Journ. des Transports, June 1, 1912. Pp. 2½.

An abstract of M. Colson's annual review in the "Revue Politique et Parlementaire." Operating ratio continues to increase in France (1908-10) while decreasing in England and Germany. Growth of operating revenue has been much less rapid in France than in Germany.

PAWLOWSKI, A. *Le rapport Rivet, sur le travail des agents des chemins de fer en 1910.* Journ. des Transports, June 29, 1912. Pp. 3.

Summary of the official report of M. Rivet, showing average hours of labor on the various railways of France, and also the number of complaints put forward by railway employees.

PAWLOWSKI, A. *Le transport international des bagages sur les chemins de fer.* Journ. des Transports, July 20, 1912. Pp. 3.

PAWLOWSKI, A. *La démocratisation de la vitesse.* Journ. des Transports, Aug. 10, 1912. Pp. 3½.

Summary of papers, by P. Meuriot and J. Bernard, appearing in the "Bulletin of the Statistical Society of Paris." Statistics are given to show the extent of the reduction in time of transit and cost of travel (passenger) on French railways from 1877 to 1907, also of the growth of third-class travel from 1899 to 1907.

PAWLOWSKI, A. *Les exploitations d'Etat*. Journ. des Transports, Aug. 17, 1912. Pp. 2½.

An abstract of those chapters of M. Colson's *Organisme Economique et Désordre Social* that relate to state industrial undertakings. The results of state management in France reveal both extravagance and incapacity.

PETERS, J. W. S. *A sliding scale for street railway dividends based on quality of service*. Engg. News, Oct. 10, 1912. P. 1.

POINSARD, L. *La condition actuelle des chemins de fer en droit international et le transport des voyageurs*. Rev. Sci. Pol., May-June, 1912. Pp. 17.

The principles underlying the Berne Convention of 1890, regarding the movement of freight from one country to another, are briefly explained, and, with reference to the conference of 1911 upon the establishment of a passenger convention, the general rules that should govern the convention are laid down.

RIPLEY, W. Z. *Freight classification on American Railways*. Ry. Age Gaz., Aug. 16, 23, 30, Sept. 6, 1912. Pp. 15½.

Numerous examples of lack of uniformity under the present involved system of classification are adduced. Discrimination is facilitated thereby. The difficulties of establishing proper relations between classifications such as those of raw and finished products, of making satisfactory car-load and less-than-car-load ratings, offering suitable car-load minima, are all noticed. The writer hesitates to recommend uniform classification but believes that the federal government should use its power to secure as much homogeneity as practicable.

RIPLEY, W. Z. *Present problems in railway regulation*. Pol. Sci. Quart., Sept., 1912. Pp. 26.

A discussion of the issues between the Interstate Commerce Commission and the Commerce Court in the Intermountain cases forms the main part of the paper. Expresses approval of the attitude of the commission.

ROHLING, K. *Eine Krisis in dem gewerblichen Einigungs- und Schiedsgerichtsverfahren der englischen Eisenbahnen*. I, II. Archiv f. Eisenbahnw., May-June, July-Aug., 1912. Pp. 54.

A history of the railway dispute that occurred in England during the summer of 1911. The work of the Royal Commission appointed in connection therewith and the nature of its report are described.

SCHIMPF, G. *Wirtschaftliche Betrachtungen über Stadt- und Vorortbahnen*. I, II. Archiv f. Eisenbahnw., May-June, July-Aug., 1912. Pp. 72.

A very elaborate study of the desirable arrangements for city and suburban railways, with examples drawn chiefly from German cities.

SIZTERENYI, J. *Résultats de l'exploitation des chemins de fer de l'Etat en Hongrie*. Journ. des Transports, Aug. 17, 1912. P. 1.

Summary of a speech made in Parliament by the former secretary of state in the ministry of commerce. He traces the development of Hun-

garian railways during the last twenty years, and explains the causes that have contributed to the increase of the operating rates (80.6 per cent in 1910).

THOMPSON, S. *New Zealand railways not comparable to American.* Ry. & Engg. Rev., Sept. 14, 1912. Pp. 1½.

The railways of New Zealand show results inferior to those obtained by American railways.

LE VERGNIER, A. *Les chemins de fer du Brésil.* Génie Civil, May 18, 1912. Pp. 3½.

VOLCKER. *Reforms in the administration of the German state railways.* Bull. Intern. Ry. Cong., Aug., 1912. Pp. 15.

Has special reference to the changes in the system of organization of the Bavarian state railways made in 1907.

WEISENBACH, P. *Der Abschluss der Verstaatlichung der Hauptbahnen und zehn Jahre Staatsbetrieb in der Schweiz. I.* Archiv f. Eisenbahnw., July-Aug., 1912. Pp. 34.

WELLS, R. O. *Handling freight at local stations.* Ry. & Engg. Rev., July 27, 1912. Pp. 1½.

Describes the "return ballot" system of freight-car loading.

WERNECKE. *Die Mitwirkung der Eisenbahnen an den Kruegen in Mitteleuropa.* Archiv f. Eisenbahnw., July-Aug., 1912. Pp. 29.

Particular emphasis is laid upon the part played by railway transport in the German campaigns of 1866 and 1870-71 (with Austria and France respectively).

WIMBISH, W. A. *Should the government own the railroads?* Sew. Rev., July, 1912. Pp. 15.

Government ownership is inevitable unless regulation can be accepted as satisfactory and sufficient. Railways should give the same standard of service as English railways and should be subject to similar control.

YOAKUM, B. F. *High cost of railroading.* World's Wk., Oct., 1912. Pp. 9.

Increase in wages, in prices of fuel and supplies, and in loss and damage claims, higher cost of capital, reduced rates, are all emphasized as causes of the present high cost of railway working. New construction is practically at a standstill.

— *The Boston and Northern half-fare case.* Electric Ry. Journ., July 13, 1912. P. 1.

Abstract of the company's brief in the hearing before the supreme court of Massachusetts. The court decided that the half-fare act of 1910 was constitutional.

— *Bourne parcels post zone bill is opposed.* Greater N. Y., July 8, 1912. P. 1.

Merchants' Association opposed the bill on the ground that it discriminates against the Atlantic seaboard cities in favor of cities in the central part of the country.

——— *Canadian railway policy and its results.* Ry. Age Gaz., June 14, 1912. P. 1.

To June 30, 1911, the Canadian federal and provincial governments had granted \$202,000,000 in subsidies, and 55 million acres of land.

——— *Decision in the Milwaukee fare case.* Electric Ry. Journ., Aug. 31, 1912. Pp. 9½.

The text of the decision of the Wisconsin commission. Five to six per cent is a reasonable compensation for the cost of securing capital, and, if to this 1½-2 per cent be added to cover profits, the total rate of return is sufficient to allow for the risks of the business.

——— *Development of transport in Paris.* Bull. Int. Ry. Cong., Aug., 1912. Pp. 6.

——— *The express rate cases.* Ry. Age Gaz., July 26, 1912. P. 1.

——— *The extent of government ownership.* Ry. Age Gaz., July 19, 1912. P. 1.

The mileage of private and state railways in the various countries. Extract from the "Archiv für Eisenbahnwesen," for May-June.

——— *The genesis of railway statistics.* Ry. & Engg. Rev., Sept. 21, 1912. P. ½.

The general nature of the statistical returns made by the railways of the United States is described.

——— *Legislation relating to operation.* Ry. Age Gaz., Sept. 27, 1912. Pp. 1½.

There were introduced into the state legislatures of 1912, 292 bills relating to railway operation, 48 of which were enacted into law.

——— *Pennsylvania railroad's reproduction of early transportation.* Ry. Engg. Rev., Sept. 28, 1912. Pp. 2.

An illustrated description of early transportation facilities in this country.

——— *The physical valuation department of the Nebraska state railway commission.* Engg. News, Aug. 15, 1912. Pp. 2.

Describes the methods pursued by the department. The recent valuation of the railways of the state cost about \$6 per main-track mile.

——— *Railway cost accounts.* Accountant, July 6, 1912. Pp. 3.

Though replete with difficulties, the idea of establishing separate profit-and-loss accounts in respect of each train-run seems worth trying.

——— *The "rate advance" decisions and eighteen months after.* Ry. Age Gaz., Aug. 2, 1912. Pp. 2.

The prophecy of the Interstate Commerce Commission has not been realized; since 1910 there has been a substantial decrease in operating revenue.

——— *Report on transportation in San Francisco.* Elec. Ry. Journ., Oct. 5, 1912. Pp. 4.

— *Statistics of railways.* Archiv f. Eisenbahnw., May-June, July-Aug. 1912.

May-June, Australia (1910), France (1909), Turkey (1910), Württemberg (1910). July-August, Alsace-Lorraine (1910), Dutch East Indies (1910), Oldenburg (1910), Swedish State Railways (1910), Sweden (1908).

— *Steam and street railway capitalization.* Ry. Age Gaz., June 21, 1912. P. ½.

— *Supreme Court decisions in Commerce Court cases.* Ry. Age Gaz., June 21, 1912. Pp. 3.

Abstracts of the opinions of the Supreme Court in certain cases appealed from the Commerce Court. In the Procter and Gamble opinion, the Supreme Court laid down the dictum that the Commerce act endowed the court it created with powers of entertaining complaints only with respect to affirmative orders of the commission.

— *Valuation of railways in New Jersey.* Ry. Age Gaz., Aug. 9, 1912. Pp. 3½.

A detailed statement of the methods adopted by Mr. Hansel.

— *Les crédits supplémentaires des chemins de fer de l'Etat et le rapport Baudin.* Journ. des Transports, July 27, 1912. Pp. 3½.

Summary of the report of the Commission of Finances of the French Senate. See entry under "Macler."

— *Les crédits supplémentaires du réseau de l'Etat.* Journ. des Transports, July 13, 1912. Pp. 2.

A summary of the report of the commission of the budget. See above under "Macler."

— *Relèvements des tarifs des chemins de fer de l'Etat danois.* Journ. des Transports, July 6, 1912. Pp. 1½.

— *La pénétration au Maroc et l'organisation des transports.* Journ. des Transports, July 20, 1912. Pp. 2.

— *La tarification voyageurs sur les chemins de fer anglais.* Journ. des Transports, Aug. 10, 1912. Pp. 2½.

A concise explanation of English passenger tariffs and of the nature of the recent advances in rates. Reproduced from "Revue Generale des Chemins de Fer."

— *Deutschlands Getreideernte im Jahre 1909 und die Eisenbahnen.* Archiv f. Eisenbahnw., May-June, 1912. Pp. 26.

— *Die Eisenbahnen der Erde.* Archiv f. Eisenbahnw., May-June, 1912. Pp. 25.

The customary annual statistics. The decade 1900-10, shows a total increase of railway mileage of 150,000 miles, a much larger increase than that of any decade except 1880-90, which was a trifle larger. Out of a total 640,000 miles, thirty per cent is under state

management (in Europe alone, more than fifty per cent, equivalent to sixteen per cent of the total mileage).

— *Erweiterung und Vervollständigung des preussischen Staatseisenbahnnetzes im Jahre 1912.* Archiv f. Eisenbahnw., July-Aug., 1912. Pp. 37.

— *Unfälle auf den französischen Eisenbahnen, 1909.* Archiv f. Eisenbahnw., July-Aug., 1912. Pp. 3.

Total killed, 692, injured 1,142, as against 625 and 1,337 for 1908.

### Accounting

(Abstracts by John Bauer)

ALBAN, F. J. *Income tax as affecting local authorities.* Accountant, July 13, 1912. Pp. 11.

Considers various accounting problems of the income-tax administration, especially depreciation allowances of income tax on interest from sinking-fund investments, and the preparation of accounts for income-tax purposes.

BAFFIN, W. F. *Accounting methods of mercantile corporations.* Journ. Account., July, Aug., 1912.

The books discussed are the various journals, subsidiary ledgers, and the general ledger; the accounts, chiefly those of the general ledger, designed so as to give the manager control of the business. Not a particularly pointed article.

BENNETT, R. J. *Audit of a building and loan association.* Journ. Account., July, 1912. Pp. 18.

Briefly discusses the function of a building and loan association, and describes the methods of stock issue and the scheme of organization; shows how profits are apportioned among members, and finally gives rules how to proceed with an audit of an association's accounts. The rules are very general and are applicable to any audit whatever.

BENTLEY, H. C. *Standardization of accounting forms and methods.* (Articles 5, 6, 7.) Journ. Account., July, Aug., Sept., 1912.

Article 5 discusses the cost of merchandise; this should be the cost-on-the-shelves, which should include (1) invoice prices paid, (2) freight and cartage inward, (3) expenses of the purchasing department, (4) warehouse expenses, (5) insurance on stock. Article 6 presents a model balance sheet, and article 7 a model income statement of a manufacturing company; the arrangement of the statements and the nature of the items included are discussed, and comparisons are made with a mercantile company. The articles are suggestive but rather diffuse; and sometimes the writer is offensive in his references to the "economist-accountants," "theorists," and "production engineers."

DUDLEY, B. *Building societies accounts.* Accountant, July 27, 1912. Pp. 9.

Briefly describes the financial organization of the ordinary English building society, describes the principal books of accounts, and presents several important forms.

HEYDEON, F. E. *Modern transportation accounting: operating expenses.* (Continued.) Gov. Account., June, 1912. Pp. 6.

Analyzes the different accounts under Maintenance of Way and Structures.

LEVIE, G. E. *Income tax and income assessable under Schedule D.* Accountant, June 29, 1912. Pp. 13.

Considers especially the question "what constitutes annual profits" within the meaning of Schedule D of the English income tax. The answer must be based upon the principles of economics and accounting. Numerous examples and illustrations are given from private, partnership, and company finance.

MOYER, M. S. *The audit of banks of discount and deposit.* Journ. Account., Aug., 1912. Pp. 5.

Shows how the various accounts of the bank may be checked off and verified, especially depositors' accounts, and notes and loans.

WILLIAMS, H. D. *Trust company audits and examinations.* Journ. Account., Sept., 1912. Pp. 6.

Briefly describes the nature of the trust company's business and suggests some of the points that an auditor should particularly observe.

WILLIAMS, L. R. *The relationship between rates, local debt, and rateable value.* Accountant, Sept. 21, 1912. Pp. 8.

Points out that "ratable value" is determined so differently from one town to another in England that uniform tax rates throughout the country result in various discriminations and relative injustices, which have their serious effects upon private finance.

——— *The auditor's legal liability.* Journ. Account., July, 1912. Pp. 4.

Auditors should be made legally liable for statements in their certificates, especially if embezzlement of funds or losses in investments result from lack of due diligence on the part of the auditor.

——— *Phantom (mining) profits.* Accountant, Sept. 28, 1912. Pp. 5.

A reprint from the "Mining Magazine," showing that the way profits are calculated by many Transvaal mining companies results in confusion as to gains actually realized. A distinction is made between "working costs" and "total costs," and "working profits" and "net (or distributable) profits." Working profits are the total mining returns less working costs; distributable profits are the total returns less total costs (including working costs and any others). It is easy to confuse the two kinds of profits, and sometimes the difference between the two is considerable. The important item to the investor is the net or distributable profit.

### Corporations and Trusts

(Abstracts by M. H. Robinson)

BAEKLAND, L. H. *The abuses of our patent system.* Met. & Chem. Engg., May, 1912.

Advocates a patent commission, to be appointed by the President of



the United States, for the purpose of studying the present patent law and suggesting reforms. Meantime, favors a court of patent appeals.

BOWSHER, C. A. *The American system of economics*. Moody's Mag., Aug., 1912.

Advocates the formation of industrial monopolies in each of the great industries, and the representation of these organizations in the federal congress. No government should enter into any business but should act as the arbitrator between the people and the monopolies.

BUTLER, J. G. *Competition: its uses and abuses*. Ir. Age, May 23, 1912.

"I insist, therefore, upon taking a broad view of this word 'competition.' In a newer and larger sense it really does constitute the life of trade, but not simply in the sense of price competition; in the sense rather of rivalry at all points—in developing new markets, in improving the quality of the goods and adapting them better to the uses for which they are intended and in reducing the cost of production and distribution."

CLARK, W. E. *Control of industrial monopoly*. Rollins Mag., July, 1912.

The economies of large scale production are analyzed and the methods by which industrial monopoly may be achieved by effecting real economies are stated. The conclusion is reached that if foul tactics are prevented, industrial monopoly will be rare and will arise only as a result of efficiency. Such monopolies must be regulated by law.

MONTAGUE, G. H. *The conservation of business opportunity*. Journ. Pol. Econ., June, 1912.

The author asserts that neither the courts nor the economists have been able to agree upon a workable program for preventing the obstruction of the highways of commerce. The shoe-machinery trust has pointed the way.

MONTAGUE, G. H. *The proposed patent law amendments*. Green Bag, July, 1912.

A discussion of the amendments to the patent laws recently proposed in Congress reaching the conclusion that the present laws need little amendment.

MONTAGUE, G. H. *The Sherman anti-trust act and the patent law*. Yale Law Journ., Apr., 1912.

This article was written before the decision in the *Henry vs. Dick* case was handed down, and the conclusion conforms closely to the terms of the decision rendered by the Supreme Court.

MONTAGUE, G. H. *The Supreme Court on patents*. Yale Law Journ., May, 1912.

A review of the *Henry vs. Dick* case with discussion of the cases, and an appreciation of the decision of the Supreme Court.

EDDY, A. J. *The new competition*. Worlds Wk., May, June, July, 1912.

The open policy, the development of business ethics, and the adoption of the policy of segregation are popularly treated.

PINER, F. *Petroleum-Strategie*. Die Bank, July, 1912.

A discussion of the European petroleum situation as influenced by the development of powerful European companies and the competition of these companies with the Standard Oil Co. of the United States.

SINGLETON, W. E. *Entities, and real and artificial persons*. Journ. Comparative Legis., May, 1912.

Advocates using the method of science rather than that of metaphysics in dealing with corporations. Argues that the fiction of the corporate entity should not be discarded.

STETSON, F. L. *Government and the corporations*. Atlantic, July, 1912.

The corporation is a permanent institution and while the courts are the best means of protection against the dishonesty and unfair practices by officials, a commission is desirable to protect the public interests.

STEVENS, W. S. *A group of trusts and combinations*. Quart. Journ. Econ., Aug., 1912.

A discussion of the Electric Lamp combination, the Watch combination, the Shoe Machinery trust, the Consolidation Coal company, the Bath tub pool, the Cash Register company, and several commercial combinations, all based upon the petitions of the Department of Justice asking for the dissolution of the several combinations.

TAYLOR, A. H. *Is competition compassed by immortality that sort of unrestricted trade which is favored of the law?* Am. Law Rev., Mar.-Apr., 1912.

A criticism of the decision of the Miles Medical Company case.

WILLIS, H. P. *Political obstacles to anti-trust legislation*. Journ. Pol. Econ., June, 1912.

Read before the Western Economic Society, March, 1912. Political changes in the White House and in Congress, and the interest of manufacturers in maintaining the Sherman act because it has been applied to labor unions as well as to capitalistic enterprises, have effectually prevented any serious attempt to study anti-trust legislation and modify it in conformity with present day needs.

WRIGHT, C. W. *The trust problem—prevention versus alleviation*. Journ. Pol. Econ., June, 1912.

Discusses the cause of trusts, the distinction between the trust and the corporation problem, and advocates policy of regulation based on preventive methods rather than on the present alleviative ones.

——— *Company law amendment*. Accountant, July 27, Aug. 3, 1912.

An editorial discussion of the proposals suggested by Mr. M. W. Jenkinson, F. C. A., in the issue of July 15, on the subject of the promotion and the accounts of a limited company. Among other proposals Mr. Jenkinson favored the abolition of underwriting, or the placing of the amounts paid the underwriters on the front page of the prospectus.

— *The just value of monopolies, and the regulation of the prices of their products.* Pro. Am. Soc. of Civ. Engrs., May, 1912.

An algebraic discussion of methods of obtaining the costs of production and distribution for the purpose of obtaining the basis for a just price wherever a commodity is monopolized and the government is required to fix the charges which it may make for its services.

— *Legislation regarding restraint of competition.* Ry. Age. Gaz., July 5, 1912.

An editorial advocating a modification of the Sherman law permitting combinations under the supervision of a government commission.

— *Massachusetts decision in the United Shoe Machinery case.* Elec. World, July 13, 1912.

An editorial discussion of the Massachusetts supreme court decision in the case of the United Shoe Machinery Company *vs.* Chappelle. The decision holds that combination between owners of patent monopolies is prohibited by the terms of the Sherman anti-trust act.

### Labor and Labor Organizations

(Abstracts by George E. Barnett)

AUEL, C. B. *A review of existing wage systems.* Am. Mach., June 13, 1912.

BELLOC, H. *The industrial transition in England and the recent coal strike.* Mouv. Social, June, 1912. Pp. 26.

Reviews recent English labor history from an extreme anti-capitalistic viewpoint.

BOIX, J. M. *El sindicalismo católico en Barcelona.* Revista Soc., May, 1912. Pp. 5.

Sketches the growth since 1907 of catholic syndicalism under the influence of Father Palau in Barcelona.

BUXTON, C. R. *Minimum wages for agricultural labourers.* Contemp. Rev., Aug., 1912. Pp. 9.

The wages of agricultural laborers in some parts of England are miserably poor. The agricultural industry can adapt itself to higher wages, but a moderately rapid increase in wages in many districts can come only through legal enactment.

CHADDICK, R. E. *Reporting of industrial accidents.* Am. Statist. Assoc. Quart., June, 1912. Pp. 22.

Reviews critically the reports now made in the various states and discusses the problems in the solution of which statistical data are essential.

COTES, K. C. *Mediaeval industrial courts.* Law Mag. and Rev., May, 1912.

CRONBACH, E. *Die neuere Gesetzgebung über die Heimarbeit unter besonderer Berücksichtigung des österreichischen Regierungsentwurfes.* Zeitschr. f. Volkswirtsch., XXI, 3, 1912. Pp. 33.

A critical analysis of the proposed Austrian law regulating home work.

DAWSON, M. M. *Employer's liability and workmen's compensation*. Mach., May, 1912.

Abstract of paper read before the Metal Trades Association. Discusses the purpose of compensation acts, and European legislation on the subject.

ENSOR, R. C. K. *The practical case for a legal minimum wage*. Nineteenth Cent., Aug., 1912. Pp. 13.

FOSTER, W. D. *The New Bedford textile strike*. Survey, Aug. 24, 1912. Pp. 2.

Deals with the causes of the strike and the conflict among the various unions.

GAUTIER-LACAZE. *Le syndicat de l'aiguille bordelaise*. Rev. Econ. de Bordeaux, June-July-Aug., 1912.

Describes a union of needle workers employed in home work.

GELDART, W. M. *The status of trade unions in England*. Harvard Law Rev., May, 1912. Pp. 23.

A discussion of the legal status of English trade-unions particularly as affected by the act of 1906 and the Osborn case.

GIRELIUS, C. G. *A Baltimore strike and what it brought*. Survey, Aug. 3, 1912. Pp. 4.

An account of the Baltimore stevedores strike and its outcome.

GOMPERS, S. *The A. F. of L.'s successful fight for child labor laws*. Am. Federationist, Sept., 1912. Pp. 5.

Contains a number of letters from various trade-union officials claiming that child labor laws in their states were enacted through the efforts of the trade-unions.

GOMPERS, S. *Guilty of contempt, says Justice Wright*. A Review. Am. Federationist, Aug., 1912. Pp. 11.

GOMPERS, S. *The Lawrence dynamite conspiracy*. Am. Federationist, Oct., 1912. Pp. 9.

GOMPERS, S. *The shadow of a great strike; the miners' victory*. Am. Federationist, July, 1912. Pp. 14.

A review of the negotiations and settlement in the anthracite field.

GREENWOOD, A. *Some statistics of juvenile employment and unemployment*. Journ. Royal Statist. Soc., June, 1912. Pp. 10.

Based on the reports of the English labor exchanges.

GRIFFITHS, J. L. *Changes in British labor world*. Daily Con. & Trade Rep., Aug. 8, 1912. Pp. 8.

GRIFFITHS, J. L. *Industrial copartnership in British Isles*. Daily Con. & Trade Rep., Aug. 26, 1912. Pp. 9.

A brief account of the present status of profit sharing in the United Kingdom.

GRIFFITHS, J. L. *New British mining law*. Daily Con. & Trade Rep., July 31, 1912. Pp. 3.

GOOD, T. *The coal strike; its causes and consequences.* Cassier's Mag., June, 1912.

GUYOT, Y. *La solution économique des grèves.* Journ. des Econ., Aug., 1912. Pp. 11.

Industrial peace can only be achieved by the formation of corporations of laborers with joint stock.

HOLDER, A. E. *Railroad strikes since 1877.* Am. Federationist, July, Aug., Sept., 1912. Pp. 3, 4, 7.

HUBBARD, E. *The minimum wage—past and present.* Econ. Journ., June, 1912. Pp. 7.

A brief historical sketch of the legal minimum wage in England, with some consideration of the recent demands of the English coal miners.

JUNGST. *Der Mindestlohn im britischen Steinkohlenbergbau.* Glückauf, May 11, 1912.

Review of conditions in the British coal industry, and text of the minimum wage bill.

KOHT, H. *Die 48er Arbeiterbewegung in Norwegen.* Archiv f. Geschichte Sozial, II, 203, 1912. Pp. 37.

An illuminating account of the Norwegian labor movement of 1848. Contains a careful statement of the economic and social doctrines of Thranes.

LAY, T. *Growth of British trade unions.* Daily Con. & Trade Rep., Sept. 25, 1912. Pp. 2.

LAYTON, W. T. *Report on earnings and hours of labour in railway service.* Econ. Journ., June, 1912.

LEROY-BEAULIEU, P. *La dissolution de l'Etat par les syndicats administratifs.* L'Econ. Franç., Sept. 14, 1912. Pp. 3.

The growth of unions of government employees has been due to the weakness and pliability of the government. They now constitute a menace to the state.

LESCHOIER, D. D. *Safety in a concentration plant.* Survey, Sept. 21, 1912. Pp. 6.

Describes the safety devices in the ore-washing plant of the Oliver Iron Mining Company at Coleraine, Minn.

LEVINE, L. *Syndicalism.* North Am., July, 1912. Pp. 11.

Syndicalism is the result of the capture of socialism by the intellectuals.

LINENTHAL, H. *The prevention of occupational diseases.* Boston Medical and Surgical Journ., May 23, 1912. Pp. 13.

A summary of the measures which should be adopted for the prevention of occupational diseases.

MCPHERSON, J. B. *The Lawrence strike of 1912.* Bull. Nat. Assoc. Wool Mfgs., Sept., 1912. Pp. 46.

After a detailed review of the causes and course of the strike, con-

cludes that the employers and employees should learn from the strike the importance of maintaining stable and well-managed unions in the industry.

MARCHINI, M. *Lo sciopero nelle odierne leggi sociali e civili*. Riv. Internazionale, Apr., 1912. Pp. 25.

The first installment (largely historical) of a survey of strikes and of thought about them.

MARCHINI, M. *Lo sciopero nelle odierne leggi sociali e civili*. Riv. Internazionale, May and June, 1912.

Chiefly a discussion of modern theories about strikes and their effect upon the legal position of the labor contract. Gives theoretical approval to the principle of compulsory arbitration.

MASON, F. H. *Working hours and cost of production in France*. Daily Cons. & Trade Rep., Sept. 27, 1912. Pp. 4.

A brief historical sketch of the legislation limiting working hours. The labor cost has been increased less than was anticipated by manufacturers.

MOORE, H. *The living wage in the Australian arbitration court*. Journ. Comp. Legis., May, 1912. Pp. 7.

An account of the principles followed by the court in fixing wage rates.

NEARING, S. *Wages in Massachusetts and New Jersey*. Quart. Publics. Am. Stat. Assoc., June, 1912. Pp. 17.

Describes the methods of securing and compiling wage statistics in these states and reaches some general conclusions as to the rate of wages.

PAWLOWSKI, A. *Conciliation et arbitrage*. Journ. des Transports, June 8, 1912. Pp. 3.

Adversely criticizes M. Marlio's plan for arbitration tribunals for the French railways.

PAWLOWSKI, A. *Le désordre social*. Journ. des Transports, Aug. 24, 1912. Pp. 5.

Discusses various proposals, chiefly those of Colson, for avoiding strikes of public service employees.

PAYEN, E. *L'apprentissage dans l'industrie de l'horlogerie*. L'Econ. Franç., May 25, 1912.

A discussion of the decline of apprenticeship in the industry. Based on a report of the Office du Travail.

PAYEN, E. *L'application des lois sur le travail en 1911*. L'Econ. Franç., Sept. 21, 1912.

A critical review of French labor legislation, based on statistics and statements contained in the official report for 1911. The inspectors are too few to discharge the numerous duties imposed upon them; much of the legislation creates new evils of equal importance with those it aims to remedy, and, finally, some of the laws result in closing certain occupations to the classes of workers formerly engaged therein.

PEASE, E. R. *Geschichte der englischen Labour Party*. Archiv f. Geschichte Sozial., III, 1, 1912. Pp. 23.

RICHARDS, R. C. *Safety first*. Ry. & Engg. Rev., Aug. 24, 1912. Pp. 4.

An account by the chairman of the general safety committee of the Chicago and Northwestern Railway of the efforts made since 1910 to reduce the number of accidents on that railroad and of the results.

RIGAUX, M. *La lutte contre le chômage: ses difficultés, ses possibilités*. Mouvement Social, July, 1912. Pp. 29.

A discussion of the difficulties inherent in unemployment insurance.

ROBERTSON, D. H. *A narrative of the coal strike*. Econ. Journ., Sept., 1912. Pp. 23.

A detailed and painstaking account.

SCHINACKE, F. D. *The legal status of workmen's compensation*. Green Bag, June, 1912. Pp. 7.

VON SCHULTZE. *Das Kinderschutzgesetz in der Praxis*. Soziale Praxis, May 23, 30, 1912.

An intimate description by a factory inspector of the difficulties in enforcing the child labor law.

SLICHTER, C. S. *Industrialism*. Pop. Sci. Mo., Oct., 1912. Pp. 8.

A summary of some of the chief results of industrialism on controversy, government and religion.

SPENDER, H. *The London port strike*. Contemp. Rev., Aug., 1912. Pp. 10.

The interests of the port of London demand higher consideration for the laborers.

TELEKY, L. *Der Regierungsentwurf eines Bäckerschutzgesetzes Jahrbuch 1912 der Gesellschaft österreichischer Volkswirte*. Zeitschr. f. Volkswirtsch., XXI, 5, 1912. Pp. 17.

A detailed examination of the relation of the work in bakeries to the health of the workers, with particular reference to the proposed Austrian law regulating working conditions in such establishments.

VALENTINE, G. D. *Compensation for accidents to minor workmen*. Juridical Rev., June, 1912. Pp. 9.

Under the British acts of 1897 and 1906 the courts in allowing compensation cannot take sufficiently into account the prospective rate of compensation of the minor.

WOODS, R. A. *The Boston street railway strike*. Survey, Aug. 3, 1912.

ZIMMERMANN, W. *Die Internationale Konferenz über die Arbeitszeit in Industrien mit ununterbrochenem Betriebe*. Soziale Praxis, June 20, 1912.

An account of the deliberations and recommendations of the conference called by the International Association for Labor Legislation, and held at London, June 11-12, 1912. The conference was attended by 33 delegates from 12 countries. It recommended the introduction of the eight-hour shift in the iron and steel industry and the adoption of an international agreement among the nations concerned.

— *The anti-injunction bill and railway service.* Ry. Age Gaz., July 12, 1912. P. 1.

Criticizes adversely the anti-injunction bill which passed the House in July, particularly on the ground that it will make it easier for the unions to stop the movement of trains in time of strike.

— *Apprenticeship associations in London.* Sociol. Rev., July, 1912. Pp. 5.

Argues in favor of the continuance of such associations.

— *Arbitration of wages in Springfield and Worcester, Massachusetts.* Elec. Ry. Journ., Aug. 24, 1912. P. 1.

Summary of the arguments made before the arbitration board.

— *The coal strike.* Econ. Journ., June, 1912.

— *A discussion on syndicalism.* Sociol. Rev., July, 1912. Pp. 10.

The discussion was opened by Graham Wallas and participated in by A. J. Balfour, J. A. Hobson, and J. R. McDonald.

— *Notes on labor laws of 1912.* N. Y. Lab. Bull., June, 1912. Pp. 12.

Brief description of the labor laws enacted in New York in 1912, and comparisons with former legislation in New York and similar laws in other states.

— *Rapports entre le chômage et le travail des enfants.* Bull. de l'Assoc. Intern. pour la Lutte contre le Chômage, Jan.-June, 1912. Pp. 307.

A series of papers discussing juvenile unemployment in the chief industrial countries.

— *Die Regulierung der Heimarbeit in Oesterreich.* Soziale Praxis, May 16, 1912. Pp. 4.

The Austrian law of 1911 briefly described.

### Money, Prices, Credit, and Banking

(Abstracts by Fred Rogers Fairchild)

ALLEN, W. H. *The Aldrich plan as a political issue.* Moody's Mag., Aug., 1912. Pp. 3.

Denies that there is a great demand upon New York to furnish money for moving the crops or that this demand is a cause of panics.

ALLEN, W. H. *The Aldrich plan and the concentration of money at New York.* Moody's Mag., July 1912. Pp. 6.

Attacks Kemmerer's monograph on *Seasonal Variations in the Demand for Money and Capital in the United States*. In particular claims that the highest money rates have seldom come during the crop moving months; urges that the New York call loan market is not a true guide; and denies that Western demands for New York funds have been a cause of panic.



ATWOOD, A. W. *Borrower and money trust.* Rev. Rev., Aug. 1912. Pp. 12.

Popular presentation of the evidence as to the existence of a "money trust" and as to its character and power.

BALDWIN, S. E. *The trust company as a state institution.* Journ. Am. Bankers' Assoc., June, 1912. Pp. 2.

In favor of keeping the trust companies of the United States solely under state control.

BERRY, W. H. *The influence of currency in the trust problem.* Moody's Mag., Sept., 1912. Pp. 7.

Favorable to increased use of government legal tender notes. Opposes Aldrich plan.

BONARDI, E. *La speculazione sulle aree fabbricabili a Milano.* Rif. Soc., June, 1912. Pp. 16.

A summary of the history of land speculation in Milan, especially since the panic of 1907. The inference is drawn that the newly arisen land companies have no real economic function but represent the speculator's desire to reduce his capital to liquid form.

BYRNE, F. D. *The new era of banking in Italy.* Bankers' Mag. (London), Oct., 1912. Pp. 4.

CHAMBERLAIN, L. *The principles of bond investment.* Moody's Mag., May-Oct., 1912. Pp. 4, 5, 8, 7, 6.

Since published in book form; to be reviewed.

D. D. *Den amerikanska bank-kommitténs publikationer och förslag.* Ek. Tids., No. 3, 1912. Pp. 8.

Summarizes briefly the recommendations of the National Monetary Commission.

DALCHOW. *Die Reichsbank in kritischer Betrachtung ihres juristischen Gefüges und ihrer volkswirtschaftlichen Bedeutung.* Annalen d. Deutschen Reichs, April, 1912.

ECKARDT, H. M. P. *How the country's banking facilities are distributed.* Moody's Mag., Sept., 1912. Pp. 5.

Figures showing the geographical distribution of banks and banking resources in the United States and the average population served by a bank in different states and sections of the country.

ESCHWEGE, L. *Bankkrisis.* Die Bank, Sept., 1912. Pp. 13.

The building craze in Germany has reached a crisis, marked by inability to renew loans and increasing suspicion of mortgages. Though of far-reaching importance, people have been blind to its approach. Although every means has been used to conceal their connection, the Berlin banks have encouraged the speculation by free offering of capital and have become seriously involved. The lesson is that such mortgages are not sound banking investments.

FISHER, I. *A stable monetary yardstick.* Independent, Sept. 26, 1912. Pp. 7.

A plea for an international investigation of the high cost of living

with an account of the progress of the movement to secure such investigation; outline of a remedy, involving stabilizing the purchasing power of the dollar by regulating the amount of gold bullion represented by it.

GIBSON, A. H. *Savings bank statistics. III. IV.* Bankers' Mag. (London), July, Sept., 1912. Pp. 15, 13.

III. Practical applications of the "reciprocal law" and tests from savings bank statistics. IV. Investigation of the causes of variations in average balances in different institutions. Application of "reciprocal law" to foreign savings banks.

GREEN, C. A. *Banking and currency principles of the United States and foreign countries.* Journ. Am. Bankers' Assoc., Aug., 1912. Pp. 8.

Suggested outline for a post-graduate course of study for the American Institute of Banking, with list of authorities.

HELANDER, S. *Das Zurückgehen der Bedeutung der Zentralnotenbanken.* Jahrb. f. Nat. Oek., July, 1912. Pp. 25.

HERRICK, M. T. *Banks for the farmer.* Moody's Mag., Sept., 1912. Pp. 5.

The relative decline of agricultural production in the United States and the need of better means to enable the farmers to borrow capital for scientific agriculture.

HESS, R. H. *The price fallacy of high costs.* Pop. Sci. Mo., May, 1912. Pp. 6.

"An increase in the average of prices may be no proof of change in the average cost of living. . . . Persons identified with one economic class may experience an actual decrease in their cost of living, despite rising prices, while others must carry an increased burden, and, possibly, a third group may be affected not at all."

HESS, R. H. and GODFREY, L. R. D. *The European discount system. I, II.* Moody's Mag., Aug., Sept., 1912. Pp. 6, 8.

I. Description of typical examples from the discount markets of France and Germany. II. The process of financing the American grain market. Defects of the American system might be remedied by substituting documentary bills and acceptances for business men's notes, after the European model.

HOBSON, J. A. *Causes of the rise of prices.* Contemp. Rev., Oct., 1912. Pp. 10.

Finds the cause partly in a great increase in the supply of "money," particularly bank credits due to increased forms of wealth available for security and increased opportunities for investment. Another cause is the recent restriction upon the rate of production of goods.

LABORDERE, M. *Documents pour l'histoire des banques en Russie.* Réf. Econ., July 5, 1912.

LANSBURGH, A. *Die Spekulation am Kassamarkt.* Die Bank, June, 1912. Pp. 13.

Discusses a letter of the State Commissioner of Stock Exchanges regarding the recent wild fluctuations in the "spot" or "cash" market

for securities on the Berlin Stock Exchange. The law of 1896 forbade "future" dealings in certain shares, with the hope of lessening fluctuations. The Exchange adopted the New York method of cash payments, which it has continued in spite of the repeal in 1908 of the prohibition of "futures." The commissioner proposes tentatively to supplant the single daily quotations with continuous quotations, as in New York.

LANSBURGH, A. *Privatdiskont und Bankdiskont*. Die Bank, Aug., 1912. Pp. 8.

Points out that the private discount rate of the Berlin money market is regularly considerably lower than the bank rate, the discrepancy being greater than in England or France. Discusses the causes.

LAUGHLIN, J. L. *American banking unsuited to foreign trade*. Exporters' Rev., July, 1912.

LEHMFELDT, R. A. *The economic future of gold*. Econ. Journ., Sept., 1912. Pp. 3.

The gold product of the Witwatersrand (Transvaal); its character, regularity, and cost of production.

LESCURE. *Hausse et baisses générales des prix*. Revue d'Econ. Polit., July-Aug. 6, 1912. Pp. 4.

Profits, interest, rent, and wages vary with commodity prices. Periods of high prices are accompanied by active business; low prices, with dull times. The author predicts great industrial development in the newer countries, and especially in China, meaning a continued period of high prices.

MANSFIELD, R. E. *Banking system of Switzerland*. Daily Cons. & Trade Rep., Aug. 6, 1912. Pp. 4.

MEADE, E. S. *Mortgage bank*. Lippincott, Aug., 1912. Pp. 5.

Emphasizes the importance of more investment in American agriculture, and shows the need of a mortgage bank.

VON MISES, L. *Das vierte Privilegium der Österreichisch-Ungarischen Bank*. Zeitschr. f. Volkswirtsch., XXI, 5, 1912. Pp. 14.

The law of Aug. 8, 1911, renewing the bank's charter; its political significance in ending a struggle between Austria and Hungary and tendency to imperial unity. Explains the failure to provide for gold redemption of notes and discusses the provisions for maintaining the par of foreign exchange, the increase of the untaxed contingent of notes not covered by gold from 400 million to 600 million kronen, etc.

NAENDRUP, H. *Die Entwicklung des Geldwesens in den deutschen Kolonien*. III, IV, V. Blätter f. Vergleich. Rechtswis. Volkswirtsch., May, June, July, 1912. Pp. 5, 9, 7.

III. Describes, with much historical detail, the development of the monetary system of German East Africa, with special reference to the legal tender quality of the several kinds of coin and paper currency, and the circulation of foreign coin. IV. Similar account of the monetary system of Kiouchou. (Concludes the series. Previous articles

appeared in Mar. and Apr., 1912; cf. *AMERICAN ECONOMIC REVIEW*, Sept., 1912. P. 758.)

NOGARO, B. *Les banques d'émission et leur évolution contemporaine*. Rev. Econ. Intern., June, 1912. Pp. 20.

NOYES, A. D. *The Aldrich banking and currency reform bill*. Bankers' Mag. (London), July, 1912. Pp. 7.

Impartial criticism of certain features.

PEAKE, E. G. *The application of the statistical method to the banking problem*. I, II. Bankers' Mag. (London), July, Aug., 1912. Pp. 11, 12.

A comparative study of the condition of the banking systems of England, France, and Germany, both the present situation and its historical development, by means of elaborate statistical data, with special reference to the problem of meeting future panics.

RAFFALOVICH, A. *La Banque d'Allemagne*. L'Econ. Franç., June 1, 1912. Pp. 3.

The recent development of the bank's business, discussion of certain modern tendencies, and an account of the business of the year 1911.

RAWLINSON, A. *The gold supply, currency, and the labour unrest*. Eng. Rev., July, 1912.

SHIRLEY, J. C. *The principles and practice of country clearings*. Bankers' Mag., Aug., 1912. Pp. 3.

A plea for a better system of clearing out-of-town checks.

STOCKBRIDGE, F. P. *Postal savings banks*. Worlds Wk., July, 1912. Pp. 4.

Brief popular account of the United States postal savings bank system.

SWANSON, W. W. *Canadian bank inspection*. Queen's Quart., Oct.-Dec., 1912. Pp. 22.

Recent Canadian bank failures. The need for a system of external examination, which Canada has not had thus far. Discusses three plans: government inspection, examination by auditors representing stockholders, and examination by the Canadian Bankers' Association. Favors the last plan.

TAUBIERE, H. *La cherté des vivres et les autorités municipales*. Réf. Sociale, June 16, 1912. Pp. 19.

Because of the high cost of food, the president of the French Council of State has proposed a law to permit municipal bakeries and slaughterhouses. This proposal discussed, theoretically, historically, and legally.

DEL VECCHIO, G. *Relazioni fra entrata e consumo*. Giorn. d. Econ., Feb., 1912. Pp. 33.

An attempt to state the relation of income and classified expenditures in workmen's budgets. The present installment only restates Engel's law and summarizes recent statistical data.

WARSCHAUER, O. *Psychologie des Bank- und Privatdiskonts*. I, II. Blätter f. Vergleich. Rechtswis., June, July, 1912. Pp. 4, 2.

I. Analysis of the factors governing the height of the bank discount rate: i. e., character of the national monetary standard, legal limitations of the amount of note issue, condition of trade and industry, general condition of the money market, organization of the whole monetary system. II. Similar analysis of the factors influencing the private discount rate.

WATKINS, G. P. *The relation between kinds of statistical units and the quality of statistical material.* Quart. Journ. Econ., Aug., 1912.

Touches upon the variability in purchasing power of our monetary unit as a statistical imperfection.

WILLOUGHBY, W. F. *Le régime d'épargne postale des Etats-Unis.* Mus. Soc., Mém., Aug., 1912. Pp. 24.

A full description of the United States postal savings bank system. Calls special attention to the features in which it differs from European systems, such as decentralized organization, separation of its finances from the general budget of the government, and means devised to reduce cost of administration.

WOLFF, H. W. *Small holdings and land banks.* Econ. Rev., Apr., 1912. Pp. 18.

A description of the machinery by which the building up of communities of small agricultural landholders is carried out in Germany, particularly the aid of the Berlin Landbank in financing the enterprises.

YOAKUM, B. F. *High cost of living.* World's Wk., Sept., 1912. Pp. 15.

Discusses insufficient facilities for agricultural credit as a cause of high cost of living in the United States. American farmers pay 8½ per cent for loans, as compared with 5 per cent or less in Europe. Special attention to Raiffeisen banks of Germany.

ZALDARI, P. G. *The national bank of Greece.* Moody's Mag., Sept., 1912. Pp. 6.

ZALDARI, P. *The popular banks of Europe.* Moody's Mag., July, 1912. Pp. 6.

A general statement of the principles of coöperative banking, with a description of the movement in the various countries of Europe, particularly France.

————— *Agricultural credit for large estates in Roumania.* Bull. Bur. Econ. and Soc. Intelligence, June, 1912. Pp. 19.

————— *Banking in Japan.* Scottish Bankers' Mag., Oct., 1912. Pp. 6.

————— *Building and loan associations as home development stimulants.* Am. Bldg. Assoc. News, Aug., 1912. Pp. 2.

————— *The British association at Dundee: a scheme for the establishment of land banks.* Scottish Bankers' Mag., Oct., 1912. Pp. 2.

**System to be self-supporting and free from state control.**

————— *Chilian currency reform.* Bankers' Mag. (London), July, 1912. P. 1.

**Statement of main provisions of law of May, 1912.**

— *The establishment of the cadastre and the organization of the land and mortgage registers in Denmark.* Bull. Bur. Econ. and Soc. Intelligence, June, 1912. Pp. 31.

History and description of present system. Detailed and technical.

— *Gold production and the quantitative theory. 1.* The Statist, May 25, 1912.

— *Investigation of banks and trust companies.* Journ. Am. Bankers' Assoc., June, 1912. Pp. 8.

An opinion by the general council of the American Bankers' Association, holding that the House of Representatives has no power to compel answers from national banks to the questions sent out by its Committee on Banking and Currency, and that in the case of state banks there is grave doubt of the authority of the House of Representatives to compel answers which would disclose the private affairs of the banks or their customers.

— *The land credit institute of France in the year 1911.* Bull. Bur. Econ. and Soc. Intelligence, Aug., 1912. Pp. 6.

Abstract of the Institute's report on its operations in 1911.

— *Law reforming the organization of the national mortgage bank of Argentina.* Bull. Bur. Econ. and Soc. Intelligence, Aug., 1912. Pp. 16.

Historical introduction and full text of the law of Sept. 1, 1911.

— *Life insurance as a means of promoting dismortgaging and acquisition of land.* Bull. Bur. Econ. and Soc. Intelligence, Aug., 1912. Pp. 16.

History of a movement to aid in the payment of farm mortgages and the purchase of land by combining land security with a life insurance policy sufficient to pay the loan in case of the borrower's death. Refers especially to the Provincial Life Insurance Institutes in Prussia.

— *Partners in banks.* Bankers' Mag. (London), Aug., 1912. Pp. 14.

Shows that the number of shareholders in the banks of Great Britain and Ireland has increased much more rapidly than the amount of capital, meaning a smaller average holding per shareholder. Elaborate statistical tables, figures being for 1902, 1907, and 1912. Same tendency is indicated by the Bank of France, the Imperial Bank of Germany, and the Bank of Belgium.

— *Post office savings bank.* Accountant, Aug. 3, 1912. Pp. 3.

Challenges a recent statement to the effect that the British Postal Savings Bank has profited by the decline in consols. Asserts that the department has long been run at a loss.

— *Les discussions de la Société d'Economie Politique de Paris.* L'Econ. Franç., July 27, 1912. Pp. 3.

A discussion of the high prices of agricultural products, in particular the responsibility of the tariff for high prices, and the fallacy of laying the blame upon the speculators.

— *Die Entwicklung des Preisniveaus und des Getreidebedarfs in England und Deutschland in den letzten Decennien.* Jahrb. f. Nat. Oek., May, 1912.

— *Stellung und Aufgaben des Privatbankiers im heutigen Wirtschaftsleben.* Die Bank, Sept., 1912. Pp. 5.

Points out the decline of the German private bankers, through the invasion of their field by the great banks. Urges that the private bankers have a function, in directing the investments of small investors, which the great banks are unable to perform. Predicts evil results, and particularly disaster in time of crisis, if the proper division of labor is not maintained.

### Public Finance

(Abstracts by C. C. Williamson)

ANGELL, N. *La grande illusion: guerre di ieri e guerre d'oggi.* Rif. Soc., Apr., 1912. Pp. 25.

The sentimental argument against war is of no avail, but the economic relations of modern nations (especially as to credit) have become so close that civilized countries will fight each other no more.

ANTONY, A. *Le budget l'Alsace-Lorraine, III.* Rev. Sci. Pol., July-Aug., 1912. Pp. 19.

Brief description of each tax or other source of revenue, with some discussion of budgetary methods. Tables show that out of a total ordinary expenditure of 67 millions nearly 15 millions represent the cost of collecting taxes.

BECKER, Die *Neugestaltung des Gemeindeumlageswesens in Hessen.* Finanz-Archiv, XIX, 2, 1912. Pp. 36.

BERTAL, J. *L'impôt sur le revenu et les valeurs mobilières.* Réf. Econ., July 12, 1912. Pp. 2.

BERTHOLD, W. *Das Anleihewesen der Gemeinden in Sachsen.* Annalen des Deutschen Reichs, No. 1, 1912. Pp. 14.

BIGWOOD, G. *Le budget belge et les principes de la science des finances.* Rev. l'Univ. Bruxelles, July, 1912. Pp. 18.

BROCK, F. H. *Till fragan om konsumtionsforeningarnas beskattning.* Ek. Tids., No. 2, 1912. Pp. 6.

Examines some arguments in favor of exempting consumers' societies from taxation; does not attach great importance to these organizations.

CHAPMAN, S. J. *The incidence of some land taxes.* Econ. Journ., Sept., 1912. Pp. 4.

A brief theoretical note consisting of a criticism and an elucidation of a statement made by Mill.

CLEMENT, H. *Le municipalisme, ses causes, son extension, ses conséquences.* Réf. Soc., Aug., 1912. Pp. 19.

Municipalism is defined as the practice rather than the doctrine of

state socialism or municipal ownership of public utilities, the chief cause of the movement being the desire on the part of taxpayers to substitute industrial profits for direct taxes. Experience, however, shows that heavy deficits caused by public mismanagement have to be made good by taxation. Failures of municipal undertakings are often caused, among other things, by a popular demand for lower prices and higher wages. The author seems to have been misled in regard to some of his facts. He states, for example, that in 1906 there were in the United States 195 municipal street railway systems, as against 184 privately owned.

COLLINS, G. P. *The trading departments of the state.* Contemp. Rev., Oct., 1912.

COLLINS, A. *Rating reform (with special reference to a wider basis for local rates).* Accountant, July 27, Aug. 3, 1912. Pp. 13.

A review of the numerous objections that have long been made to the English methods of local taxation and the reforms proposed. Taxation should endeavor to effect a fair balance between ability to pay and benefit received. Recommends the extension of the fee principle by giving local authorities power to charge for particular services rendered.

COURCELLE-SENUIL, J. L. *Le travail ancien et moderne. Ses résultats: le chiffre de la population et les impôts.* Rev. Econ. de Bordeaux, Sept.-Oct., 1912. Pp. 13.

Labor legislation, on the one hand, and heavy taxation caused by the increasing functions of government on the other, together constitute an economic burden so great as to seriously reduce the number of people that can make a living in France.

CREANGA, G. D. *Die Finanzen Rumäniens und die Ergebnisse der neuen Finanzpolitik der Ueberschusse.* Finanz-Archiv, XIX, 1, 1912.

D. D. *Jordskatterna i Australien.* Ek. Tids. No. 2, 1912. Pp. 5.

A discussion of the Australian single tax under the law of November, 1910.

EINAUDI, L., E "SPECTATOR." *Per la percquazione catastale: come la grande impresa vien fatta degenerare innanziche sia finita.* Rif. Soc., July-Sept., 1912.

In the Liguarian province of Porto Maurizio political corruption has forestalled the success of elaborate operations to equalize the land tax burden.

ESCHWEGE, L. *Terrainkrisis und Wertzuwachssteuer.* Die Bank, July, 1912. Pp. 7.

Discusses the effect of the imperial increment tax on the real estate business of Berlin. It appears that many unsound speculative ventures have been forced to the wall.

FALCK, E. *L'évasion fiscale.* Rev. Pol. et Parl., May, 1912. Pp. 22.



G. R. S. *Chinese finance and foreign supervision.* Journ. Am. Asiatic Assoc., Sept., 1912. Pp. 2.

GEISSER, A. *Le obbligazioni industriali in Germania.* Rif. Soc., Mar., 1912. Pp. 15.

One reason why industrial bonds are quickly absorbed in Germany is because public bonds have not been issued to a great amount.

GEISSER, A. *Della tassa-domestici e di alcuni minori tributi locali.* Rif. Soc., July-Sept., 1912.

A history (since 1852) of the Italian tax on domestic servants and an analysis of its operation; a study also of certain similar taxes, chiefly the tax on automobiles.

GERLING, C. *Grundzüge für die Einführung der allgemeinen Theorien über die Bildung und Verwaltung Kommunalen Fonds in die Praxis.* Finanz-Archiv, XIX, 2, 1912. Pp. 7.

GRIDIGLIA, C. *Unità di gestione ed unità di controllo nell'azienda dello Stato.* Giorn. d. Econ., July, 1912. Pp. 27.

GRIZIOTTI, B. *L'incidenza e la traslazione delle imposte sulle rendite.* Giorn. d. Econ., Feb., 1912. Pp. 29.

The shifting of a tax on rent is a normal phenomenon, contrary to usual statement. Weyermann comes to the same conclusion, but by a different path.

GROSCH, G. *Die Einführung von Schiffsabgaben im Deutschen Reiche.* Jahrb. f. Gesetzg., No. 3, 1912. Pp. 41.

GUYOT, Y. *Menaces budgétaires et fiscales.* Journ. des Econ., June, 1912. Pp. 7.

M. Guyot, as usual, mercilessly flays the financial administration and the legislators for doing nothing to reduce budgets but instead actually considering an income tax to meet expenditures.

HASELBERGER, J. *Der öffentliche Gesamthaushalt Bayerns.* Finanz-Archiv, XIX, 2, 1912. Pp. 34.

HEYDECKER, E. L. *Municipal finances and taxation.* Nat. Munic. Rev., Oct., 1912. Pp. 9.

The assistant tax commissioner of New York believes that local taxation of personal property should be abolished and that real estate, especially site values, should be reserved exclusively for municipal taxation. The use of accurate, scientific methods in the assessment of real estate is imperative.

HOLE, M. J. *Municipal finance reports.* Nat. Munic. Rev., Oct., 1912. Pp. 4.

A review of progress, as well as the inherent difficulties, in the way of securing comparable data in order to determine to what extent public funds have been wisely expended and to make of department reports a measure of efficiency.

HOWARD, H. E. *Some aspects of the demand for the rating of site values.* Accountant, Aug. 10, 17, 24, 1912. Pp. 8, 7, 5.

Considers the rating of site values under English law; discusses especially the incidence of local rates, the effect of the Finance act (1909-1910) upon the rating of site values, and the most recent proposals for the taxation and rating of land.

JEZE, G. *L'équilibre des budgets et le compte provisionnel*. Rev. Pol. et Parl., May, 1912.

JEZE, G. *Les pouvoirs financiers des Chambres hautes dans les états particuliers allemands et dans l'Empire allemand*. Rev. Sci. Legis. Finan., Apr.-June, 1912. Pp. 18.

The composition and financial powers of the imperial *Bundesrat* and of the upper chambers of the separate German states are considered separately because the former is not, properly speaking, an upper chamber. The author takes up one by one the most important German states, the majority of which are organized on a distinctly aristocratic basis. Of the *Bundesrat* Professor Jèze says: "In reality, the prerogatives of the *Bundesrat* are those of the Emperor himself; its function is to conceal the person of the Emperor, and, when necessary, to uphold his policy against the resistance of the *Reichstag*."

KEYNES, J. M. *Reports on Irish finance*. Econ. Journ., Sept., 1912. Pp. 4.

A brief review of three important recent documents touching the difficult fiscal relations of the Home Rule Bill.

KIAER, A. N. *Documents concernant la statistique internationale de la répartition des revenus privés*. Bull. l'Inst. Intern. Statist., XIX, 2. Pp. 96.

Gives bibliographical or other data in regard to income taxes in some 37 countries.

LANDMANN, J. *Zur Entwicklungsgeschichte der Formen und der Organisation des öffentlichen Kredites*. Finanz-Archiv, XIX, 1, 1912. Pp. 69.

A scholarly research into the origins of public credit.

LANSBURGH, A. *Geeignete und ungeeignete Mittel zur Hebung des Kurses der Staatspapiere*. Die Bank, Sept., 1912. Pp. 13.

Discusses the fall in market value of government loans, in England, France, Germany, and Austria. Finds the cause in the fact that government loans have lost their monopoly position or met with new competitors in the investment market. Discusses proposed remedies. Concludes that the government should neither refund old loans nor issue new ones at a higher rate of interest, nor change from perpetual to terminable loans, but tide over unfavorable times by temporary short-term notes.

LERIS, P. *Les dettes comparées des villes de France*. Journ. des Econ., July, 1912. Pp. 17.

An interesting comparative study of municipal debts in France, based on the annual statistical publication, *Situation financière des communes*, and on information furnished the author by city officials. Paris has a debt almost double that of all other cities and towns of France. The study shows that a city's budget and also its debt grows

in something like a geometrical ratio to population, for the larger the population the more expensive are all its functions. Still the credit of the larger cities is better than that of the smaller.

LEROY-BEAULIEU, P. *Les impôts d'enregistrement et de timbre et les droits sur les valeurs mobilières.* L'Econ. Franç., July 13, 20, 1912. Pp. 5.

LEROY-BEAULIEU, P. *La nouvelle élaboration de l'impôt sur le revenu.* L'Econ. Franç., June 15, 1912. Pp. 3.

Criticizes severely the income tax scheme elaborated by the senate commission.

LEROY-BEAULIEU, P. *Des quelques économies budgétaires faciles à réaliser.* L'Econ. Franç., June 8, 1912.

LOWENFELD, W. *Zur Frage der Reform der direkten Steuern in Österreich.* Finanz-Archiv, XIX, 2, 1912. Pp. 25.

McKAY, J. M. *Taxation under the proposed constitutional amendment.* Am. Bldg. Assoc. News, Sept., 1912. Pp. 4.

A general review of the amendments to the constitution of Ohio adopted September 3. As an opponent of the federal income tax, the author indicates the ratification of the amendment of defining the power of the Ohio legislature to levy an income tax.

MATHEWS, J. M. *Tax administration in New Jersey.* Journ. Pol. Econ., July, 1912. Pp. 22.

MERTENS. *Die wirtschaftliche Lage Russlands an der Hand des Entwurfes zum Reichsbudget 1912.* Archiv f. Eisenbahnw., July-Aug., 1912. Pp. 19.

MEYER, R. *Die drei Gesetze vom 28. Dezember 1911, betreffend die Steuerbegünstigungen für Neubauten usw. für gemeinnützige Bauvereinigungen und die staatliche Förderung der Wohnungsfürsorge.* Zeitschr. f. Volkswirtsch., XXI, 3, 1912. Pp. 45.

MIMIN, P. *Le municipalisme devant le Conseil d'Etat.* Réf. Soc., Aug., 1912. Pp. 15.

The Conseil d'Etat has always decided the questions coming before it on the principle that a municipality should exercise no industrial functions at all. On all forms of municipal socialism it wages relentless war. The numerous municipal enterprises which do exist do so either because no suit has been brought before the Conseil d'Etat questioning their legality, or because of special legislative sanction.

MURRAY, R. A. *I problemi fondamentali dell'economia finanziaria (contributo alla teoria dell'equilibrio finanziario).* Giorn. d. Econ., Mar., 1912.

A pure science of finance is needed; errors hitherto have come largely through reliance on empirical methods. The implications of a pure science are analyzed in the present article.

NEWTON-ROBINSON, C. *The blight of the land taxes: why they must be repealed.* Nineteenth Cent., July, 1912. Pp. 14.

NEYMARCK, A. *La statistique internationale des valeurs mobilières*. Bull. l'Inst. Intern. Statist., XIX, 2, 1912. Pp. 269.

OUTHWAITE, R. L. *Taxation of land values in the dominions*. Land Values, Sept., 1912. Pp. 2.

New Zealand, New South Wales, Queensland, Western Australia, Tasmania, Victoria, the Australian Commonwealth and three Canadian cities have had experience, more or less extended, with the land values tax, usually for local purposes only and always, according to the author, with beneficent results.

DE PERIGNY. *Les dettes des Républiques centre américaines*. Rev. Fin. Univ., July, 1912.

PERIN, R. *Die Wertzuwachssteuer von Liegenschaften in Oesterreich*. Finanz-Archiv, XIX, 2, 1912. Pp. 18.

PFITZNER. *Die Bedeutung des Besitzes an ländlichen Liegenschaften für die Gemeindefinanzen*. Annalen des Deutschen Reichs, No. 3, 1912. Pp. 11.

PIC, P. *Les grandes régies d'état*. Rev. d'Econ. Polit., July-Aug., 1912. Pp. 30.

Four kinds of state monopolies are recognized: (1) Monopolies in the interest of general welfare and public policy, as money, post office, telephone, telegraph. (2) Fiscal monopolies, such as match and playing card monopolies. (3) Mixed monopolies, illustrated by the alcohol and proposed monopolies of petroleum and insurance. (4) Monopolies resulting from the nature of the industry, e.g., mines, wharves, etc.

RENAULD, V. *L'impôt sur le plus-value immobilière en Allemagne et en Angleterre*. Rev. l'Inst. de Droit Comparé, 1912. Pp. 7.

Compares the English act of April 29, 1911, with the German law of February 14, 1911.

SAVARY, H. R. *L'alcool et les nécessités budgétaires*. Rev. de Paris, Apr. 1, 1912.

SCHELLE, G. *Le municipalisme et les finances communales*. Réf. Soc., Aug., 1912. Pp. 14.

The municipal ownership movement harbors serious dangers for municipal finances, or perhaps one should say that mismanaged finances will cause an aroused taxpaying public to rise up and overthrow all municipal enterprise. For one reason or another few municipally owned public utilities in European cities succeed in meeting expenses and deficits consequently become a serious problem in the municipal finances.

SCHNEIDER. *Verbindung von Einkommensteuer und Vermögensteuer mit Berücksichtigung der Steuerreformfrage in Württemberg*. Finanz-Archiv, XIX, 1, 1912. Pp. 42.

SCHOENBECK, O. *Die Einkommensteuer unter den Nachfolgern Steins; ein Beitrag zur Geschichte des Ministeriums Altenstein-Doha*. Forschungen zur Brandenburgischen und Preussischen Geschichte, 25, 1912. Pp. 61.

SCHWARZ, O. *Die Finanzen der Europäischen und die wichtigeren aussereuropäischen Staaten.* Finanz-Archiv, XIX, 2, 1912.

SEGNER, F. *Bibliographie der finanzwissenschaftlichen Literatur für das Jahr 1911 (mit Ausschluss des Zollwesens).* Finanz-Archiv, XIX, 2, 1912.

SELIGMAN, E. R. A. *Recent tax reforms abroad. I.* Pol. Sci. Quart., Sept., 1912. Pp. 15.

The first of a series of articles in which is to be considered the significance of tax reforms effected in the years 1909 and 1910 in Great Britain, Germany, and Australia. The present article is devoted to Great Britain.

SODOFFSKY, G. *Russisches Gesetz vom 6. Juni 1910 über die staatliche Besteuerung der Immobilien in den Städten, Vororten und Flecken Russlands mit Ausschluss der Vororte und Flecken des Königreiches Polen.* Finanz-Archiv, XIX, 1, 1912. Pp. 21.

STAMP, J. C. *Ueber die Reform der Grundsteuern in Grossbritannien und Irland.* Jahrb. f. Nat. Oek., July, 1912. Pp. 10.

STRUTZ, G. *Die Steuervorlage und die schwächeren Steuerkräfte.* Ann. f. Soz. Pol. u. Gesetzgebung, I, 6, 1912. Pp. 23.

VON SUKLJE, F. *Verkehrssteuer und Länderfinanzen.* Zeitschr. f. Volkswirtsch., XXI, 5, 1912. Pp. 26.

TAUDIERE, H. *Le monopole des Pompes funèbres et sa municipalisation.* Réf. Soc., Sept. 16, 1912. Pp. 24.

An exhaustive study of a public enterprise in a rather unusual line, though one in which France has had a long experience.

TETZLAFF, O. *Die Steuern und Schulden der preussischen Städte und grösseren Landgemeinden im Rechnungsjahre 1910 und die von ihnen im Rechnungsjahre 1911 erhobenen zuschläge zu den staatlichveranlagten direkten Steuern.* Königlich preussische statistische Landesamt Zeitschrift, 52, 1912.

TRAP, C. *Lovforslaget om Statens Indkomst og Formueskat.* Nat. ök. Tids., Jan.-Feb., 1912. Pp. 29.

A lecture given December 14, 1911 supporting in the main proposed changes in the income and property tax law in Denmark, his main criticism of the measure being that its provision might not secure an equitable assessment.

VOGEL, E. H. *Die rechtliche Natur der Finanzobligation im österreichischen Abgabenrechte.* Finanz-Archiv, XIX, 2, 1912. Pp. 92.

VOGEL, E. H. *Stellung und Aufgabe der Verkehrssteuern der Finanzwissenschaft.* Zeitschr. f. d. ges. Staatsw., 68, 1912.

WASSERMAN, L. and R. *Die wirtschaftlichen und finanzpolitischen Leitmotive des deutschen Reichsgesetzes, besonders Beseitigung des Branntweinkontingents, vom 14. Juni 1912.* Finanz-Archiv, XIX, 2, 1912. Pp. 16.

WEDGWOOD, J. C. *The principles of land value taxation.* Econ. Journ., Sept., 1912. Pp. 10.

A reply to an article by Bickerdike in the March *Journal*. Author advocates a single tax on land values as a means of destroying the valuable privilege which the present rating system bestows upon the land owner by checking competition in the production of buildings.

VON ZIEGLER, E. *Entwicklung der Hauptgrundsätze der bayerischen Gesetzgebung über die Gemeindeumlagen insbesondere die Berücksichtigung der Interessentheorie*. *Annalen des deutschen Reichs*, 6, 1912. Pp. 16.

— *Excise tax before the United States Congress*. Am. Bldg. Assoc. News, Aug., 1912. Pp. 6.

A summary of efforts made to have building and loan associations expressly exempted from the operation of the excise income tax bill.

— *The home rule bill: I. Political; II. Financial*. Quart. Rev., July, 1912. Pp. 34.

A thorough review of the financial provisions of the Home Rule Bill which "violates a fundamental principle of sound finance in separating the responsibility for the raising of revenue from the responsibility for its expenditure."

— *Increased taxation on successions*. Bankers' Mag. (London), Oct., 1912.

An unimportant editorial protest against the British inheritance tax, on the old ground that it is a tax on capital, and because it is possible for the same estate to be taxed both in England and in some British colony or foreign country.

— *L'impôt sur les marchés de marchandises à livrer ou à terme d'après la loi du février 1912*. Rev. Econ. Bordeaux, Mar.-Apr., 1912. Pp. 2.

— *L'impôt sur les vélocipèdes en 1911*. L'Econ. Franç., Aug. 17, 1912. P. 1.

— *Les produits de l'enregistrement, des domaines et du timbre constatés et recouvrés, en France, pendant l'exercice 1910*. Bull. Statist. Légis. Comp., 71, 1912. Pp. 47.

— *Grundzüge der Steuerreform von 1911 in Reuss a. L.* Finanz-Archiv, XIX, 2, 1912. Pp. 10.

### Tariffs and Reciprocity

(Abstracts by Henry R. Mussey)

BARKER, J. E. *Will a tariff harm Lancashire? A lesson from America*. Nineteenth Cent., Aug., 1912. Pp. 19.

The American cotton industry is more efficient than the British. The Japanese industry with its low paid labor has displaced British cottons in that country, is doing so in China, and will soon seize India, unless prevented. Only the adoption of American methods, combined with tariff reform and imperial preference, can save the industry of Lancashire.

CASCIO, L. *El "modus vivendi" con Espana.* Rev. Bimest. Cubana, Jan.-Feb., 1912. Pp. 85.

An elaborate discussion of the commercial position of Cuban products, with reference to tariff arrangements.

COUZINET, L. *Le régime des sucres.* Rev. Sci. Legis. Finan., Apr.-June, 1912. Pp. 11.

A description of the negotiations attending the extension of the provisions of the Brussels convention for a further period of five years from March 1913, the main feature being the enlargement of Russia's export contingent, in view of the existing shortage and high prices.

EINAUDI, L. *I fasti italiani degli aspiranti trivellatori della Tripolitana.* Rif. Soc., Mar., 1912. Pp. 34.

Urges that the demand of the Italian steel interests for the same tariff protection in Tripoli as is now enjoyed in Italy be not granted.

GONNARD, RENE. *La politique douanière des Etats des Balkans.* Rev. Econ. Intern., July, 1912. Pp. 36.

An account of the way in which Servia, Bulgaria, and Roumania, all agricultural states, apparently finding their best interest in free trade, have adopted a policy of high protection in imitation of their larger neighbors. Under political and economic pressure, they have shaped their commercial treaties so as to become largely dependent commercially on Austria, Russia, and Germany respectively. A study of pan-germanistic economic policy.

HAMLIN, C. C. *The sugar tariff and railroad securities.* Moody's Mag., Aug., 1912.

Argues that the beet sugar industry will greatly increase production of all cereal crops, adding probably billions of dollars yearly to the freight to be carried by the railroads. Therefore railroad investors should favor the duties on beet sugar.

JONSON, A. *Protection as a panacea for labour unrest.* Contemp. Rev., Oct., 1912. Pp. 8.

A marvelous account of the wretchedness of the American working-man caused by high prices due to protection. The chains are kept riveted solid by the Tariff League, which, by expending £8,000 per annum, learns the tariff views of every politician, every editor, "every waverer and every graduate leaving the universities each year."

KRETSZKAM. *Die internationale Zuckerkonvention.* Jahrb. f. Nat. Oek., May, 1912.

LAUCK, W. J. *A real myth.* Atlantic, Sept., 1912. Pp. 5.

Protection plus free immigration has caused low grade immigrant laborers to displace American laborers in the factory industries we have developed. Because of improved machinery, inexperienced labor, can be used. As a consequence trade-unions have broken down, the bargaining power of skilled labor has been destroyed and neither American nor immigrant labor has benefited by our tariff laws.

LAWRENCE, J. *Unionism and food duties*. Nat. Rev., July, 1912.

An exhortation to British unionists to uphold tariff reform and to attack the idea that it means the dear loaf.

MACARA, C. *The cotton industry and free trade*. Eng. Rev., Sept., 1912. Pp. 14.

An argument against tariff reform, containing several acute criticisms of the tariff reformers' use of figures in reference to cotton manufacture.

O'FARRELL, H. H. *The possibility of certain gains from protective duties*. Quart. Journ. Econ., Aug., 1912. Pp. 3.

A keen theoretical criticism of the argument of Professor Taussig in book IV, chap. XXXVII, sec. 1, of his *Principles of Economics*, that a protective duty, by improving the terms of international exchange, may bring some gain to the protected country.

PIERSON, J. *Les pêcheries néerlandaises et la liberté commerciale*. Journ. des Econ., Aug., 1912.

An historical sketch of the Dutch herring fishery, showing its depression under protective monopoly and its prosperity under free competition.

ROBERTSON-SCOTT, J. W. *The other free traders*. Contemp. Rev., July, 1912. Pp. 12.

Though Holland is thoroughly prosperous and her economic interests demand free trade, it is possible that the moderate protective measure proposed by the government may be adopted as a result of the need for increased revenue, together with a curious combination of religious political parties. The adoption of tariff reform by England would be a serious blow to free trade in Holland.

ROBINSON, A. G. *Need of a tariff board, or commission*. Rev. Rev., July, 1912.

A tariff commission is needed to give the public official information concerning the actual relations of the tariff to industry and prices. The tariff board was started on the wrong track in trying to get comparative costs of production.

SMITH, F. E. *Tariff reform*. Fortn. Rev., Aug., 1912.

An able argument from the point of view of a British tariff reformer in behalf of protection for Great Britain. The argument is maintained on familiar economic and political grounds.

WICKSELL, K. *Tullar och arbetslöner*. Ek. Tids., No. 1, 1912. Pp. 5.

Contends that it has not been proved that protective tariff increases the money income of the laborers and that it is practically certain that any possible increase would not compensate for higher prices.

— *Canada and the West Indies*. Monthly Notes on Tariff Reform, Sept., 1912. Pp. 3.

A brief summary of the memorandum of the Tariff Commission on the preferential arrangements proposed between Canada and the West Indies.



— *Debate on the sugar convention.* Monthly Notes on Tariff Reform, Sept., 1912. Pp. 6.

Extracts from the preliminary discussion of the Sugar Convention.

— *The sugar convention.* Monthly Notes on Tariff Reform, Sept., 1912. Pp. 8.

The tariff reform argument to the effect that the Brussels Convention has been benefited by British sugar refining without increasing the price of sugar.

— *The Underwood-La Follette bill.* Bull. Nat. Assoc. Wool Mfgs., Sept., 1912. Pp. 28.

A narrative account of the discussion on the wool and woollens tariff during July and August last, giving the text of the Cummins substitute for the Underwood bill, the Finance Committee substitute and the La Follette bill.

— *Views of the American Cotton Manufacturers' Association.* Protectionist, July, 1912. Pp. 2.

A report of the association's tariff committee. Objects to the cost of production dogma, criticizes the board's cost comparison as neglecting several items favorable to the foreigner, such as the cost of building mill villages in the South, differences in interest rates, the preference for mule-spun yarns, differences in size of mills and in selling expense, and differences in banking facilities.

### Insurance and Pensions

(Abstracts by William F. Gephart)

ADDISON, C. *The controversy over medical benefit under the national insurance act.* Contemp. Rev., Oct., 1912.

The British Medical Association objected to being placed under the control of a lay committee but the writer holds that the act does not provide for control. On this point there is much discussion.

BAMENT, W. N. *Insurance forms.* Ins. Soc. of N. Y., Feb., 1912.

Value of simplicity and directness.

VOM BAUER, E. E. *How Germany deals with workmen's injuries.* Pol. Sci. Quart., Sept., 1912. Pp. 18.

Describes the activities of the German employers' associations.

BELLOM, M. *L'assurance des employés des entreprises privées en Allemagne.* L'Econ. Franç., July 6, 1912.

BELLOM, M. *La loi anglaise d'assurance sociale en 1911.* Journ. des Econ., July, 1912.

BORGATTA, G. *Pericoli ed insidie d'un monopolio-incendi di stato.* Rif. Soc., May, 1912. Pp. 20.

Since the adoption of a state monopoly of life insurance in Italy, voices are heard asking for a similar monopoly of fire insurance. The probable dangers of such a scheme, as partly revealed in certain foreign experiences, are forbidding.

BROWN, H. D. *Savings and annuity plan proposed for retirement of superannuated civil service employees.* Gov. Account., June, July, 1912. Pp. 4, 15.

Explains the mathematical or actuarial basis of the plan; a life annuity at three quarters salary at time of retirement (70 years) is the central idea.

BOYD, J. H. *The economic and legal basis of compulsory industrial insurance for workmen. II.* Mich. Law Rev., Apr., 1912.

Discusses, especially from the constitutional side, the effect and legal validity of the Ohio industrial insurance act of 1911.

CHASE, B. F. *Operations of British national insurance act.* Daily Cons. & Trade Rep., Sept. 28, 1912.

The new law has caused an increase in the membership of friendly societies and trade-unions in Dundee. Few who are not compelled to come under the law have applied for benefits, but there have been many applications for the exemptions allowed in case of private income being sufficient.

COX, R. L. *Life Insurance legislation of 1911.* Am. Pol. Sci. Rev., Aug., 1912.

The year 1911 was not particularly noted for new laws, but there are already over 4,500 statutes in the much regulated business of life insurance. Of the 1,650 bills introduced, 166 became laws. The most noted laws are those regulating the sale of stock of new companies, and the Wisconsin law providing for the sale of life insurance policies by the state.

DANIELS, N. H., JR. *Workmen's compensation in Massachusetts.* Stone & Webster Pub. Serv. Journ., Aug., 1912.

DAWSON, W. H. *Social insurance in England and Germany.* Fortn. Rev., Aug., 1912.

The English act will give an impetus to the provident societies now in existence.

DELACHENAL, J. *Le projet de loi sur la réassurance des mutuelles agricoles.* Mouv. Social, July, 1912.

It has been proposed to centralize the mutual funds under the supervision of the state, and this article attempts to show why this should not be done.

DELCOURT, R. *L'assurance contre les accidents du travail en Allemagne.* Réf. Sociale, June 16, 1912.

Defects of German Law are (1) It places upon the state the danger of destroying certain industries; (2) It is a system of improvidence.

DRYDEN, J. F. *Industrial insurance past and present.* Am. Exchange & Rev., Nov., 1911.

FORBES, T. H. *The underinsured.* Life Ins. Independent, July, 1912.

Many holders of insurance are either on account of ignorance or carelessness underinsured. Tables are supplied showing amount of

insurance necessary to carry at each age in order to guarantee \$1000 insurance to beneficiaries. However, earning and saving capacities set the real limit for the amount of insurance.

FRY, G. H. *National insurance act, 1911*. Accountant, Aug. 24, 31; Sept. 7, 1912. Pp. 6, 11, 7.

GEYER. *Versicherung zum Kunstwert und zum Liebhaberwert*. Versicherungs-Wissenschaft, July, 1912.

Discusses the justice of legal restrictions and court decisions on the subject of overinsuring property and concludes that market value being a fluctuating thing, subjective valuation may be made, unless in case of loss of property it is shown that the owner has not used insurance as a source of profit in the ordinary meaning of the term.

GOROWITZ, E. *Die Arbeiterversicherung in Russland*. Soziale Praxis, July 25, Aug. 1, 1912.

The new workingman's insurance law placed in force after 8 years of elaboration, though a great advance does not make adequate provision for invalids; protection is limited to certain industries including chiefly mines, private railways and the large power factories.

GOUGH, G. W. *The economics of the insurance act*. Eng. Rev., July, 1912.

GOUGH, G. W. *State insurance in Great Britain*. Chambers' Journ., July, 1912.

HOYER, A. *Social Mittelstandspolitik*. Nat. ök. Tids., Jan.-Feb., 1912. Pp. 25. An adverse criticism of German and Austrian "social insurance."

HUTTON, M. S. *Workmen's compensation in Europe and America*. Engg. Mag., July, 1912.

JEZE, G. *Le monopole public des assurance sur la vie en Italie*. Rev. Sci. Legis. Finan., July-Sept., 1912.

By the law of April 4, 1912, Italy made a state monopoly of the business of life insurance and this excellent article reviews the reasons for and against the act. The chief arguments for a state monopoly of insurance are: (1) It is a service of general value to the state. (2) The monopolization gives a unified organization. (3) The administration is relatively simple. (4) It makes possible the extension to risks now excluded from insurance. (5) The state can better prevent incendiarism. (6) Insurance naturally tends to be a monopoly. (7) The difficult problem of incidence and shifting of a tax on insurance disappears. Some of the objections to a state monopoly are: (1) It takes the state far away from its normal exercise of the police power. (2) All public ownership of a private business is evil. (3) There is danger of debasement of the business by politicians. (4) The financial burden on the state may be very great.

JOSEF. *Schutz durch mittelbare Versicherung*. Versicherungs-Wissenschaft, July, 1912.

The writer takes a concrete case of double insurance, the insurance of

an automobile by its owner and by the owner of the garage in which it is kept. The insurance code and courts hold that the facts as to carelessness of parties concerned determine the right of parties to collect the insurance or to enforce claims against each other with the specific limitation that the insurance company can be forced only to indemnify one party for the loss. The whole question of double insurance receives an excellent discussion.

KONIGER, E. H. *The mortality of the workmen's sick and death benefit fund of America*. Quart. Pubs. Am. Stat. Assoc., Sept., 1912.

This society has been in existence 27 years and the data are typical of the mortality of insured workmen in the United States. The careful investigation shows among other interesting facts the following: (1) The mortality of men has been higher than of women except in the age period 23-33. (2) The mortality rate is somewhat lower than that of the Industrial Insurance Mortality Table but higher than those of the New Fraternal Congress Table and the Royal Arcanum Table. (3) 21.2 per cent of the deaths was due to suicide and is twice as high as the suicide rate of regular insurance companies.

LAUER, F. *Arbeitslosigkeit und ihre Bekämpfung*. Soziale Praxis, Aug., 1912.

A summary of the results of the operation of Breisgau's unemployment insurance, which is maintained by the city. The writer holds many are excluded who need it most for it does not apply to those not organized in coöperative relief societies. The plan is inferior to that in some other German states, and in France.

LOCIA, C. S. *The national insurance act, 1911*. Char. Organ. Rev., June, 1912.

A very general discussion of provisions and terms.

LUCAS, J. JR. *Forms, from a broker's standpoint*. Ins. Soc. of N. Y., Feb., 1912.

Discusses the influence of the broker in determining and explaining policy forms and judicial interpretation of insurance forms.

MORTARA, G. *Il monopolio delle assicurazioni e la mortalità italiana*. Giorn. degli Econ., Apr.-May, 1912. Pp. 4.

NABHOLZ. *Die Bestimmung der Tarifprämie in der privaten Lebens-Versicherung*. Zeitschr. f. d. ges. Versicherungswiss., July, 1912.

An elaborate discussion of the objects and ends of each kind of premium and the mathematical formulae for their calculation.

ORDINE, L. *Revisione, transazione, e procedura per indennizzo d'infortuni sul lavoro*. Riv. Critica, Mar., 1912.

Holds that unemployment insurance should include wide economic zones and if mutual societies are permitted to insure for this purpose they should be compelled to coöperate with the state insurance.

ROCCA, G. *Mortalità degli assicurati sulla vita e mortalità della popolazione generale*. Rif. Soc., June, 1912. Pp. 36.

Contests the support given by Beneduce and Mortara to the actuarial basis of the new state life insurance monopoly in Italy.

SAVOY, E. *La loi Suisse sur l'assurance en cas de maladie et d'accidents. I, II.* Mouv. Soc., Aug., Sept., 1912.

I. Discusses the history of the act, its general provisions and the insurance granted in case of sickness. II. The federal government has provided 7,900,000 francs as the initial fund. The Swiss law compares favorably with the laws of European nations, securing to the workmen the benefit at low cost.

SØRENSEN, A. *Trangsforsikringen i England.* Nat. øk. Tids., Mar.-Apr., 1912. Pp. 56.

A detailed analysis and sympathetic discussion of compulsory insurance in England. The author has faith in the ability of English society to meet its present crisis.

STANSFIELD, J. H. *National insurance: with special reference to the electrical industry.* Elec. Rev. (London), Apr. 19, 1912.

YOUNG, T. E. *An enquiry into the existence of historical analogies to life assurance.* Journ. Inst. Actuaries, July, 1912.

A critical review of *An Introduction to the History of Life Assurance*, by A. F. Jack.

————— *Comparative statistics of fire loss, American and foreign.* Am. Underwriter, June, 1912.

More than one third of the total loss in the United States is borne by one third of the population. Losses on better protected property have increased proportionally to that on property not so well protected. The per capita loss for cities of 200,000 and over in the United States was \$2.62, and in England 11 out of 12 largest cities had a loss of less than one dollar. The loss in cities of Ireland, Scotland, and France was below \$4 and in Germany, among 8 of the largest cities, loss was about 8 cents per capita. The average per capita loss for England, Ireland, Scotland, France, Germany, Italy, and Russia was 60 cents.

————— *The national insurance act.* Accountant, June 22, 1912.

A criticism of the national insurance law from the accountancy viewpoint. No uniform system of accounting is provided for approved societies, no definition of "low wages," "remuneration"; consequent confusion is predicted by the writer.

————— *The new law on the subject of the National Institute for Assistance to Workmen and Farm Servants.* Bull. Bur. Econ. & Soc. Intelligence, July, 1912.

An account of the recent law in Hungary.

————— *Reduction of the cost of life insurance.* Life Ins. Independent, June, 1912.

The cost of insurance has decreased during the past 50 years but probably in not the same proportion as commodities.

————— *Report of the committee on welfare of employees.* Elec. Ry. Journ., Oct. 10, 1912.

What has been done in the electrical industry to provide for sickness, accidents, and death of employees.

————— *The Swiss insurance act.* World's Lab. Laws, May, 1912.

————— *Das österreichische Unfall- und Krankenversicherungsgesetz für die Betriebe der Seeschifffahrt und der Seefischerei.* Soziale Praxis, July 11, 1912.

An account of the new law to protect sailors and fishermen which replaces the old law originally an edict issued by Marie-Therese in 1774.

————— *Kommunale Arbeitsversicherung?* Soziale Praxis, May 16, 1912.

Discusses the grounds upon which one should be permitted to appeal a case for accident indemnity after an award has been granted. Compensation should first be sought from employer.

### Population and Migration

(Abstracts by William B. Bailey)

AUERBACH, E. *Das wahre Geschlechtsverhältnis des Menschen.* Archiv f. Rassen- u. Gesellschaftsbiologie, Jan.-Feb., 1912.

BAINES, J. A. *Census notes. The British empire.* Journ. Royal Statist. Soc., July, 1912. Pp. 6.

Statistics of the population in 1911. In the text special attention is given to the figures for Canada, Australia, and South Africa.

BENINI, R. *La demografia italiana nell'ultimo cinquantennio.* Riv. Intern., May, 1912.

BENOIT-LEVY, G. *L'exode de la ville.* Rev. d'Econ. Polit., May-June, 1912. Pp. 16.

The latest statistics of internal migration in several countries, with a study of the reasons for the rural exodus.

VON BOROSINI, V. *European regulation of emigration.* Survey, Sept. 7, 1912. Pp. 3.

VON BOROSINI, V. *Home-going Italians.* Survey, Sept. 28, 1912.

BRYAN, S. *Mexican immigrants in the United States.* Survey, Sept. 7, 1912. Pp. 6.

One of an extremely small number of studies which have been made of Mexican immigration across our border. Most of the immigrants are employed by the railroads and the rate of pay is extremely low among them. They live in quarters in which there is much congestion, and show a decided tendency toward segregation.

CRACKANTHORPE, M. *The friends and foes of eugenics.* Fortn. Rev., Oct., 1912.

The attitude toward eugenics of three different classes of persons: (1) the socialists, (2) the "man in the street," (3) "spiritually minded persons who, conscious of the existence of a Higher Power, trust Him for personal guidance, and are disposed to look askance at Science and all her works."

DESMETS, J. *La dépopulation des campagnes*. Réf. Econ., Aug. 2, 1912.

DUCKWORTH, A. *A study of Australian vital statistics*. Econ. Journ., Sept., 1912. Pp. 14.

An attempt to determine whether the white population of Australia is holding its own and likely to maintain its virility in the future. The answer is favorable.

ESCHWEGE, L. *Kulturdünger*. Die Bank, June, 1912. Pp. 10.

An enumeration of the evils which are likely to come to the mother country from the emigration of large numbers of its adult population.

FAHLBECK, P. *Der Neo-Malthusianismus in seinen Beziehungen zur Rassenbiologie und Rassenhygiene*. Archiv f. Rassen- u. Gesellschaftsbiologie, Jan.-Feb., 1912.

HART, J. R. *Note on mortality on the west coast of Africa*. Journ. Inst. Actuaries, July, 1912. Pp. 11.

In most countries studied there has been a very decided reduction in the rate of mortality during the past few decades.

HODGES, L. *Immigrant life in the ore region of northern Minnesota*. Survey, Sept. 7, 1912. Pp. 6.

A study of the living conditions of the immigrants in the Vermillion and Mesabi regions of Minnesota. Conditions in Mesabi seem to be much worse and vital statistics show contagious diseases extremely prevalent.

LEROY-BEAULIEU, P. *De la nécessité d'une énergique et méthodique action sociale pour arrêter la décroissance de la natalité et prévenir la dépopulation ou la dénationalisation de la France*. L'Econ. Franç., June 8, 1912, Pp. 3.

Another attempt to help solve the problem of denationalization of France. It is argued that the third child in every family is required in France. Efforts must be made to encourage this. Only 10 per cent of the offices of France should be given to men who are not the fathers of three children, and premiums fixed at perhaps 500 francs should be given for the birth of the third child.

LINDSAY, J. *The case for and against eugenics*. Nineteenth Cent., Sept., 1912. Pp. 12.

LIPZKY, A. *Are the Jews a "pure race?"* Pop. Sci. Mo., July, 1912. Pp. 8.

To a large extent a criticism of Dr. Maurice Fishberg's recent book *The Jews*. The author takes the stand that the Jews constitute a distinct race.

MARFILLERO, G. *Il problema sessuale ed il neomalthusianesimo*. Riv. Ital. di Sociol., Mar.-Apr., 1912.

OTH, F. *Induktives und Deduktives zum Bevölkerungsproblem*. Jahrb. f. Nat. Oek., Apr., 1912.

PAGE, T. W. *The distribution of immigrants in the United States before 1870*. Journ. Pol. Econ., July, 1912. Pp. 19.

An interesting article showing the sections of the country chosen for settlement by the different racial groups, the routes of travel, and a general statement of the desirability of the different nationalities.

SALZ, A. *Kritische Betrachtungen zum Streite über das Bevölkerungsproblem*. Archiv f. Socialwis., July, 1912. Pp. 8.

A short contribution on the attempt of society to increase well-being by limiting the size of family.

SEGONZAC, M. DE. *Les populations du Maroc (avec six figures)*. Rev. d'Ethnog. et d. Sociol., Mar.-Apr., 1912.

TREBOLD, A. F. *The study of eugenics*. Quart. Rev., July, 1912.

VACCA, A. *L'urbanesimo e la piccola proprietà rurale*. Riv. Internazionale, Apr., 1912. Pp. 10.

Migration to urban centers can be checked effectively by assistance to the small properties movement.

WILLCOX, W. F. *Statistics at the fourteenth international congress on hygiene and demography, Berlin, September 23-29, 1907*. Quart. Pubs. Am. Stat. Assoc., Sept., 1912.

WORMS, R. *La sexualité dans les naissances françaises*. Rev. Intern. de Sociol., June, 1912.

——— *Human life—how we waste it*. Am. Underwriter, June, 1912. Pp. 6.

A short popular article on the preventable loss of life in this country and an appeal to increase the appropriations of public funds for public health work.

——— *The negro population of American towns*. Char. Organ. Rev., June, 1912.

This article is composed entirely of quotations from the report of the American Board of Trade inquiry (published in 1911) into working-class wages and conditions in the United States.

——— *La dépopulation des campagnes et l'iniquité des droits successoraux*. Réf. Econ., Aug. 16, 1912.

——— *Tableaux relatifs au mouvement de la population en France en 1911*. L'Econ. Franç., June 22, 1912. Pp. 2.

Tables giving the population, marriages, divorce, births, and deaths in the different departments of France for the year 1911 and also the rate per 10,000 population. In addition is a short analysis of the tables, which adds but little to the value of the article.

——— *Allgemeine sozialpolitik*. Soziale Praxis, July 4, 1912. Pp. 2.

A short article giving the statistics of births in Germany for the past few years and some suggestions which may possibly overcome the recent tendency to a lowering in the rate.

——— *Die Bekämpfung der Tuberkulose im Mittelstande und in der Arbeiterschaft*. Soziale Praxis, July 4, 1912.



## Pauperism and Charities

(Abstracts by Frank D. Watson)

CHANCE, W. *The national conference on the prevention of destitution. III. Unemployment section.* Char. Organ. Rev., Mar., 1912. Pp. 13.

The papers and discussions centered around the questions of labor exchanges, the physical bar to employment, labor colonies, and seasonal and cyclical unemployment, and expressed a wide range of opinions. It is hoped that in the next conference "the individualist note will then be struck more plainly than it was at the one under review".

DUGE DE BERNONVILLE, M. L. *L'assistance publique dans le Royaume Uni et dans l'Empire allemand.* Bull. de la Stat. Gen. de la France, April, 1912.

An analysis of the organisation handling relief, giving the main development of the law on the subject. Followed by a statistical study of those assisted, those receiving indoor relief, those outdoor relief, etc. This method of treatment is used in turn for England and Wales, Scotland, Ireland, German Empire, Bavaria, and other countries.

GLASER, A. *Provision for the poorer classes in Austria. I.* Charity Organ. Rev., May, 1912.

The writer is general secretary of the society to suppress vagrancy and begging in Vienna. The subject is divided into three sections: The Care of the Poor; Social Insurance; and Recent Social Political Laws. A brief sketch of the constitutional position of the poor is given, since Austria is divided into fifteen provinces, each of which has a very extensive local autonomy. Then follows a definition of the "poor" and a discussion of the extent to which outdoor relief is given. In the field of private charity, plans for centralization find little response. Under the second caption, "Social Insurance," the author briefly discusses in turn, Insurance Against Accidents, The Law of Insurance Against Sickness, and The Pension Law for Private Officials.

GLASER, A. *Provision for the poorer classes in Austria. II.* Char. Organ. Rev. (London), June, 1912.

Describes in detail the bill relating to social insurance now before the Austrian House of Commons after having changed its form four times without being any nearer to becoming law. It deals with the extension of the worker's insurance and adds provisions for an invalidity and old-age insurance with a state subsidy for the benefit of wage-earners and those who work on their own account. The passage of the bill is not expected in the near future. The article concludes with a resumé of social political laws passed in 1911, covering regulation of hours of work, the prohibition of employment of children under 14 years of age in mines and of women during the night, etc. The author seems far from optimistic as to outcome.

HALBERT, L. A. *Effective charity administration.* Ann. Am. Acad., May, 1912.

The writer is the general superintendent of the Board of Public Welfare, Kansas City, Missouri. Gives only a general outline of the provisions necessary for dealing effectively with the charitable

problems which exist in all cities. He shows a familiarity with methods employed in many places, as well as with the literature of the subject. His discussion centers in the main around the topics: The Field of Municipal Charity; Subsidies to Private Charities; The Control of Public Solicitation; Suppressing Vagrancy; and Outdoor Relief. He makes a plea for efficient workers.

HUNTER, G. MCP. *Destitution among seamen*. Survey, Aug. 3, 1912. Pp. 9.

The author divides his study into the following heads: (1) Economic causes: seamen are being constantly discharged (legally) from their ships; they are periodically unemployed; their work is casual and seasonal. (2) Desertion from ships: a combination of economic, social and psychological causes. (3) Social and moral causes: shiftlessness, ignorance, drunkenness, and immorality. (4) The exigencies of the life: hazards of the sea, shipwreck, accident, exposure to heat and cold, and climatic diseases.

JOHNSON, S. *The relation between large families, poverty, irregularity of earnings and crowding*. Journ. Royal Statist. Soc., Apr., 1912.

A statistical study based on some 30,000 records of out-patients of the Hospital for Sick Children, a large voluntary hospital of London. Though the statistics were collected for quite a different purpose, they corroborate the statement that the nation is reproducing itself more largely from the less efficient section of society.

NORMAND, J. *L'assistance publique à Paris*. L'Econ. Franç., Mar., 1912. Pp. 3.

A brief and in the main, statistical statement of public relief in Paris, discussing the size and items of the city budget for the general administration of all public relief.

DE NOUVION, G. *L'assistance par le travail*. Journ. des Econ., Aug., 1912.

Seriously questions the value of assistance to the involuntarily unemployed by means of state work of any kind. Author believes the best means for the state to abolish poverty is not by creating work but by lessening the cost of living.

OSTERRIETH, A. *Bodenkulturarbeit statt Almosen. Ein Beitrag zur Lösung der Arbeitslosenfrage*. Soziale Praxis, Aug. 29, 1912.

Emigration is not necessary as a solution to the unemployment problem in Germany "so long as wide stretches of uncultivated land exist in the German Empire itself,"—stretches capable of supporting countless families. Cites several instances of what has been done along these lines. (To be concluded.)

RINAUDO, P. C. *L'alcoolisme tra le donne*. Riv. Internazionale, July, 1912.

A general account of the social effect of alcohol and an appeal to women to undertake a crusade against it.

STUART, H. V. *Relief of distress in the pottery districts*. Char. Organ. Rev., May, 1912.

An account of the methods employed in pottery districts of handling

the acute relief-problem created by the recent coal strike. The potteries employ approximately 60,000 workers—practically all of whom were thrown out of employment within a week. In each of the separate boroughs of the federated borough of Stoke-on-Trent, the mayor formed a local committee to whom he allotted a certain sum of money per week with a free hand for its disposal. The system proved on the whole exceedingly satisfactory, although the committees were composed largely of amateurs.

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*The annual meeting of the C. O. S. Char. Organ. Rev. (London), Aug., 1912.*

The tenor of the addresses was either that of unstinted praise for the services rendered by organized charity or of defense of the London Society against criticism from the Fabian Society and other advocates of government action.

### Housing

(Abstracts by James Ford)

CLAUSS, F. *Eine städtebauliche Tat. Soziale Praxis*, July 4, 1912. Pp. 2.

Describes municipal plan of the new suburb of Berlin-Schöneberg, designed to house 40,000 people, with houses two stories high, equipped with gardens and common playgrounds, and designed to rent at the price of equal accommodation in urban tenements.

COMSTOCK, A. P. *Chicago housing conditions. VI. The problem of the negro.* Am. Journ. Sociol., Sept., 1912. Pp. 16.

A statistical study of 209 houses in the South Side, and 131 houses in the West Side. Tables cover per cent of lot built over, repair of houses, number of apartments per house, number of rooms per apartment, number of persons sleeping in rooms of specified cubic contents, per cent of unventilated rooms and of dark rooms, type of toilet, and rentals. Finds negroes are forced to live near segregated vice, and to pay higher rents than paid by immigrants per unit of accommodation.

GEMÜND, W. *Wohnungshygiene und Hochsommerklima. I. Zeitschr. f. Sozialwis.*, July, 1912. Pp. 16.

A critical examination of theories of the relation of infant mortality to house structure, ventilation, and to the overheating of walls by the sun's rays.

GRETZSCHEL. *Wohnungsfrage und Säuglingspflege. Soziale Praxis*, June 27, 1912. Pp. 2.

Brief quotations from studies by Flügge, Kathe, Gemünd, and Hindes on the relation of ventilation, heat, and construction of apartments to infant mortality.

HALDEMAN, B. A. *The municipal zone system.* Engg. News, Aug. 1, 1912. Pp. 4.

A description of the system in use in some European cities by which certain districts are set aside for buildings of one class. The zones are

not concentric circles but districts which, by elevation convenience or other factor, seem peculiarly fitted for some purpose.

HANKINSON, A. *Miss Octavia Hill's system of management of working-class property by trained ladies*. Char. Organ. Rev. (London), July, 1912. Pp. 12.

Methods of the Manchester Housing Company, Ltd., in repair of slum dwellings and education of tenants.

IMLDER, J. *Recent reports on housing*. Nat. Munic. Rev., Oct., 1912. Pp. 5.

A brief statement of typical American housing problems, with 76 titles of reports on housing conditions in 43 cities or states.

VON MANGOLDT. *Wohnungsgesetzgebung in Deutschland*. Soziale Praxis, July 4, 11, 1912. Pp. 4.

Indicates the problems that should be considered by the new Imperial Housing Commission, especially the public control of land values.

NETTLEFOLD, J. S. *Slum reform*. Char. Organ. Rev. (London), July, 1912. Pp. 4.

Outlines the Birmingham municipal method of slum repair.

PAYEN, E. *Les habitations à bon marché et les résultats obtenus*. L'Econ. Franç., July 6, 1912. Pp. 2.

On April 1, 1912, there were 339 societies in France for the erection of cheap dwellings, which were granted exemption from taxes; 62 per cent of these were coöperative, 38 per cent joint-stock companies. Statistics are given for 1911-12 of the number and location of such societies, amount of cheap loans from savings banks and other sources, the rates of interest paid to shareholders, and of the increase in cost of construction per square metre as recorded by three Parisian societies.

— *Houses for workmen. Co-partnership at Hamilton and Toronto, Ont.* Labour Gaz., Aug., 1912. Pp. 2.

Co-partnership tenants societies recently incorporated, to build suburban estates for workmen.

## Statistics

(Abstracts by A. A. Young)

BARSON, R. W. *Ascertaining and forecasting business conditions by the study of statistics*. Quart. Pubs. Am. Stat. Assoc., Mar., 1912.

Describes an elaborate statistical service for business men. The general forecasts are based upon the thesis that any excess of business activity over that measured by a "line of normal growth" must be balanced by a corresponding deficiency, and vice versa.

BATES, F. G. *Rural and urban New England in the census*. Nation, Mar. 21, 1912.

Points out the errors involved in defining all New England "towns" with over 2,500 inhabitants as urban communities.

BOWLEY, A. L. *The measurement of employment*. Journ. Royal Stat. Soc., July, 1912.

An important paper. Presents a new index number for the amount of employment based upon a wider but more heterogeneous selection of data than the Labour Department's index number. The effect of the general (long period) increase in the numbers employed is corrected by an ingenious use of the "adjectival" descriptions of the condition of employment printed in the "Labour Gazette." The paper contains, among other things, an important contribution to the general theory of index numbers.

CHATTFIELD, G. H. *The permanent census board of New York city*. Quart. Pubs. Am. Stat. Assoc. Sept., 1912.

In 1908 the state of New York provided for a permanent "census" (registration) of all persons between 4 and 18 years of age in lieu of the periodical "school census," in the three largest cities of the states. The present paper describes the tasks and methods of the work in New York city and points out the administrative and scientific value of the results.

DUCE DE BERNONVILLE. *Les institutions d'assistance publique en Angleterre et en Allemagne*. Journ. Soc. Stat., July, 1912.

A general statistical survey.

ELBERTON, W. P. and FLIPPARD, R. C. *Notes on the construction of mortality tables*. Journ. Inst. Actuaries, July, 1912.

Proposes the application of a method resembling the "census method" of constructing life tables to insurance company experience. A coöperative census of existing policies, giving age at entrance and duration, would be utilized in connection with the "registration" of new policies and of deaths. This would simplify the preparation of select, ultimate, and aggregate tables and would make possible their continuous revision.

GOLDSCHMIDT, A. *Die Vergleichung in der Statistik*. Ann. des Deutschen Reichs, 1911.

HUBER, M. *Mortalité suivant la profession*. Bull. Stat. Gén. de la France, July, 1912.

Based on French registration statistics for 1907 and 1908 which were the first years in which the deaths were classified by occupation. The article includes a good summary account of the difficulties met in interpreting such statistics.

KNIBBS, G. H. *Studies in statistical representation*. Journ. Royal Soc. New South Wales, XLV. Pp. 24.

Statistical applications of Fourier's series. For an abstract by the author see Journ. Soc. Stat., Aug.-Sept., 1912, pp. 409, 410.

KOLLMAN, P. *Die Statistik in Deutschland*. Archiv f. Sozialw., XXXIV, 1, 1912.

KOLLMAN, P. *Die Stellung der Statistik im Staats- und Gemeindedienst im Deutschen Reich*. Deutsches Stat. Zentralblatt, Feb., 1912.

MAGEE, J. D. *The degree of correspondence between two series of index numbers.* Quart. Pubs. Am. Stat. Assoc., June, 1912.

Suggests as a measure of the "degree of correspondence" of two statistical series the average of a series of fractions which measure the deviations of the step-by-step (or year-by-year) variations of one series from the corresponding variations of the other. For many purposes this measure is too rigorous.

MARCH, L. *La grammaire de la science.* Journ. Soc. Stat., Apr., 1912.

Extracts relating to statistical method from March's forthcoming translation of Pearson's *Grammar of Science*, with an introduction by the translator.

MARCH, L. *La théorie des salaires.* Journ. Soc. Stat., Aug.-Sept., 1912.

A discussion based upon an extended abstract of Moore's *Laws of Wages*. Appreciative, but not accepting all of Moore's conclusions or his judgment as to the significance of his own work.

MENDELSON, M. *Die Entwicklungsrichtungen der deutschen Volkswirtschaft nach der neuesten Statistik.* II-VI. Zeitschr. f. Socialw., Apr., May, June, July, Sept., 1912.

These articles may serve to illustrate what Giffen called "the utility of common statistics." Easily available statistics, especially those of the industrial census of 1907, are marshalled in such a way as to picture certain important economic changes in Germany, such as the passing of house industries and the growing dominance of the money economy; the increasingly minute division of labor, the growth of foreign trade as a mark of "industrialization," and the rise of great industrial undertakings.

MEURIOT, P. *L'almanach de Gotha.* Journ. Soc. Stat., June, 1912.

A history of the famous annual.

MEURIOT, P. *Dans quel sens se développent les métropoles européennes.* Journ. Soc. Stat., May, 1912.

A study of some of the economic and geographic features of city growth.

MOORE, H. L. *A reply to Professor Edgeworth's review of Professor Moore's "Laws of Wages."* Econ. Journ., June, 1912.

Concerned primarily with Edgeworth's contentions that Moore's use of the Galton-Pearson difference theorem in constructing a "standard population" of wage-earners is misleading and that Moore's thesis that differences in wages follow differences in ability is unproved. Professor Edgeworth contributes a rather caustic rejoinder.

MUELLER, J. *Uersuch einer Statistik des Vermögens deutscher Städte.* Jahrb. f. Nat. Oek., Mar., 1912.

A careful inquiry, covering 68 cities. The methods used should be of interest to students of municipal accounting and the results to all students of municipal economies.

DE PISSARGEVSKY, I. *Note sur les recensements de divers pays.* Journ. Soc. Stat., Aug.-Sept., 1912.

Contains a number of interesting diagrams, showing the distribution of the population of various countries by age, marital condition, and employment (laborers and employees, employers, and inactive).

POTRON, L'ABBE. *Contribution mathématique à l'étude des problèmes de la production et des salaires.* Journ. Soc. Stat., May, 1912.

Proposes a method of determining the cost of living in terms of all the products (and labor) used up in the production of consumption goods.

ROBINSON, I. N. *The unit in criminal statistics.* Journ. Crim. Law and Criminol., July, 1912.

Criminal statistics may count: (1) cases, (2) infractions of the law, (3) delinquents. The best results are given by the use of all three units.

SMITH, E. *Report of the committee on criminal statistics of the American Prison Association.* Journ. Crim. Law and Criminol., Mar., 1912.

TROUP, J. McD. and MAYNARD, G. D. *Note on the extent to which the distribution of disease in houses is determined by the laws of chance.* Biometrika, Jan., 1912.

WATKINS, G. P. *The relation between kinds of statistical units and the quality of statistical material.* Quart. Journ. Econ., Aug., 1912.

An abstract and general treatment of an important topic. Statistical units are classified as: (1) individual things (natural kinds and produced kinds), and (2) mensurational units (physical and pecuniary measures). Superiority is claimed for the first class, while pecuniary measures are held to be particularly unsatisfactory.

WILSON, E. B. *Mathematical economics.* Bull. Am. Math. Soc., June, 1912.

An appreciative review of Pareto's *Manuel d'économie politique*, with some interesting observations on the scope of mathematical economics in general. A few of Pareto's more elementary equations are given and their significance explained.

YULE, U. *On the methods of measuring association between two attributes.* Journ. Royal Stat. Soc., May, 1912.

An inquiry of the first importance. Yule lucidly explains the derivation and meaning of his "coefficient of association" and presents a seemingly superior alternative measure which he calls the "coefficient of colligation." The use of the ordinary product sum correlation for a four-fold correlation table is defended. It is shown that Pearson's "normal coefficient" is of very restricted usefulness.

————— *Chômage.* Bull. Stat. Gén. de la France, July, 1912.

A tabulation of statistics of unemployment in 38 French cities, obtained by the census of 1911.

## NOTES

**ANNUAL MEETING.** The members of the American Economic Association probably know already that the annual meeting for 1912 is to be held in Boston. Arrangements have been made to secure reduced rates of transportation, and special rates have been secured at the leading hotels around Copley Square. The headquarters of the Association during the meeting will be at the Copley Plaza. Detailed information as to railroad and hotel rates have already been mailed to each member of the Association, but if further information is desired it can be secured from the secretary.

The program promises to be one of very unusual interest. On Friday afternoon and evening, December 27, will occur the presidential addresses of the American Statistical Association, the American Sociological Society and the American Historical Association. Our own meetings begin on the morning of Saturday, December 28, with a joint session with the American Association for Labor Legislation on the Minimum Wage. The session of Saturday afternoon will be devoted to the Rising Cost of Living, while the Saturday evening session will be the occasion of the presidential addresses of Professor Frank A. Fetter of the American Economic Association, and Professor Albert Bushnell Hart of the American Political Science Association.

It is planned to hold the sessions of Monday, December 30, in Cambridge, under the hospitality of Harvard University. The street car connection between Boston and Cambridge is now excellent, and this will involve only one trip each way, as arrangements will be made for the entertainment of the members at luncheon in Cambridge. The forenoon session will be given to the subject of Banking Reform, and the afternoon to round tables on Economic Theory and Agricultural Economics.

On Tuesday, December 31, there will be only one regular session, that of the forenoon, the subject being the Economics of Governmental Price Regulation. Plans are under way for a general luncheon Tuesday noon as the final event of the meeting.

Additional arrangements are being made for smokers and other informal entertainments, in order to make the visit as agreeable as possible to all who attend. It is sincerely to be hoped that a large number of members will avail themselves of the opportunities offered by the Association and the hospitality offered by citizens of Boston and Cambridge.

T. N. C.



Between January and November, 1912, the American Economic Association received 417 new members. There have been 192 resignations and withdrawals, making a net gain of 225.

Members of the American Economic Association will hear with keen regret of the death of Professor Harrison Standish Smalley of the University of Michigan. Dr. Smalley was born in Chicago, in 1878, and died on September 23, 1912. It is thus seen that death came to him in the prime of manhood and when upon the threshold of his most effective university work. As a teacher he was clear and forceful; as a writer he showed a remarkable power of keen analysis; as a personality on the campus his influence will long be remembered by those students with whom he came in personal touch. Dr. Smalley's specialty lay in the field of transportation, and in this field he did most of his writing. In 1903 he prepared for publication by the Interstate Commerce Commission a volume entitled *State Railway Legislation*. This treatise was a tabular and analytic presentation of all of the laws at that time on the statute books of the states under which the railways of the country were obliged to operate. In 1905 he wrote an essay on "Railway Rate Control," which was published by the American Economic Association, an essay which gained for him the commendation of all close students of transportation. Some years later he prepared a large volume on *Transportation*, which proved to be one of the most important of the volumes published by the LaSalle Extension University. Among the papers left by Dr. Smalley is a manuscript volume entitled *The Corporation Problem*, which its author intended shortly to carry through the press. It is hoped by his friends that this volume may be published as a memorial to its author.

Those who knew Dr. Smalley best are aware of the arduous work which he did and the extensive reading which he undertook in order to prepare himself to become an authority upon lego-industrial questions. It may be proper in this connection to quote a paragraph from the memorial adopted by the senate of the University of Michigan. Says this memorial:

This loss is, however, most keenly felt by the Department of Political Economy, Sociology, and Business Administration. It is now coming to be recognized that the solution of many of our present day public problems calls for a further analysis of accepted principles of jurisprudence, so as to make them more perfectly adapted to the rapidly changing industrial conditions. This was early recognized by Doctor Smalley, who undertook and carried through a long and arduous course of reading in order to master that uncertain and little-known

field of inquiry that lies between law and economics. In order to ground himself in principles of jurisprudence he spent three years as a student in the Law Department. There are few men in the country today as well prepared as was Doctor Smalley to speak with authority within that particular sphere of knowledge. In this regard his loss to the Department seems almost beyond recovery.

The next convention of the Southern Commercial Congress will be held in Mobile, Alabama, in the fall of 1913.

A third conference on the teaching of economics has been called to meet at the University of Chicago, December 6 and 7, in connection with the meetings of the Western Economic Society.

The Tenth International Agricultural Congress will be held in Ghent, July 8-13, 1913. One section will be devoted to the subject of rural economy. Information in regard to program, etc. may be obtained from the general secretary, M. P. de Vuyst, 22 Avenue des Germaines, Brussels.

At the meeting of the International Historical Congress in London, April 3-9, 1912, a section will be devoted to economic history.

The Tenth International Housing Congress will meet at The Hague in September, 1913.

The department of research of the Women's Educational and Industrial Union in response to many requests during the past two or three years has established a Bureau of Investigation through which individuals, organizations, or institutions may carry on social-economic investigations at a minimum of expense. The department of research, both last year and the year before, conducted investigations on behalf of the State Board of Education. Miss Abigail D. Steere will devote her entire time to the work of the bureau.

The People's Institute of New York has just established a Bureau of Municipal and Social Service. With this has been merged the Bureau of Social Research of New England, of which Dr. Carol Aronovici has been director in Providence. The new Bureau will maintain offices at 50 Madison Avenue, New York, and at 171 Westminster Street, Providence. Dr. Aronovici becomes director of the new bureau.

The University of Cincinnati has recently established a College of Commerce.

The Texas Applied Economics Club will devote the year to a study of the agricultural problems of the state, especial attention being given

to coöperative marketing and coöperative credit. It is planned to publish a bulletin containing the results of the investigation.

Professor F. Y. Edgeworth was elected president of the Royal Statistical Society at its annual meeting held June 18, 1912. It is reported that the membership of this society is now 875.

Longmans, Green and Company announce the immediate publication of *Railroads: Rates and Regulation*, by Professor Ripley of Harvard University. This will be followed early in 1913 by a second volume on *Railroads: Finance and Organization*.

The Macmillan Company will publish during the winter *Business Organization and Combinations*, by Professor Lewis H. Hancy, of the University of Texas.

It is announced that a new and revised edition of *The Immigration Problem*, by Jenks and Lauck, is in preparation, and will be published in a short time. The new edition will correct the errors which have been detected, particularly in the statistical tables, and also add new material made available by the census figures of 1910.

Giard et Brière of Paris announce the publication in 1913 of the French translation of Professor Carver's work on the *Distribution of Wealth*. The translation is being prepared by M. Roger Picard.

Mr. C. E. Fillebrown, under date of October 1, 1912, has issued the tenth edition of *Single Tax Catechism*, containing many minor lectures, and corrections from a previous edition. (77 Summer Street, Boston.)

The Russell Sage Foundation announces the early publication of *Coöperation in Urban and Rural New England*, by Dr. James Ford, of Harvard University.

Professor Emory R. Johnson, of the University of Pennsylvania, has submitted to the President a report on "Panama Canal Traffic and Tolls," and is now at work upon a report which will deal with the measurement of vessels and the rules to be recommended for vessels passing through the Panama canal.

Dr. Clyde L. King, of the University of Pennsylvania, is preparing a report for the City of Philadelphia on "Market Produce," with suggestions for terminal facilities for the handling and disposition of products.

W. E. Hotchkiss, of Northwestern University, has recently served as chairman of a committee to investigate the work of the Juvenile Court

of Cook County. In the report of this committee, which with appendices is a volume of about 300 pages, one of the leading recommendations is for a state investigation into the economic and civic causes of delinquency.

The abstract of the Thirteenth Decennial Census relating to Agriculture is now in the hands of the public printer. It will be a report covering 150 pages of the regular census volume size. Within a few weeks a complete set of the state reports pertaining to agriculture will be available for circulation.

The Social Research Council of Boston (Robert F. Foerster, director, Cambridge), has issued as its first bulletin *A Preliminary List of Recent Social Investigations in Greater Boston* (July, 1912, Pp. 42). The titles are listed under four main headings: Population; Community Conditions and Control; Labor and Economic Status; and Children. Under Labor and Economic Status, sub-divisions are conditions of labor, accident, unemployment, economic status, coöperation and provident measures, labor legislation. In all, some 125 investigations are listed, representing the activity of various organizations, private as well as public, as for example, those of the South End House, School for Social Workers, Boston Chamber of Commerce, and Consumers' League.

The last four volumes of the Bulletins of the Bureau of Economic and Social Intelligence, International Institute of Agriculture (Nos. 5, 6, 7, and 8, for May, June, July and August, 1912), contain monographs and reviews of all kinds of economic activities so far as they pertain to farmers. These bulletins are improving with every issue and constitute the most comprehensive and useful series which has appeared on this subject in the English language. They cover economic activities of farmers and all other rural movements for all of the countries associated with the Institute.

The Chamber of Commerce of the United States (Riggs Building, Washington) on September 2 published the first issue of the *Nation's Business*. This is prepared for the use of editorial writers and commercial organizations. Others desiring the service of this journal can obtain it upon subscription of \$1.00 for 20 consecutive issues.

The National Rivers and Harbors Congress is planning the publication of a magazine entitled, "National Waterways." Information in regard to this may be obtained from the secretary, S. A. Thompson, 824

Colorado Building, Washington, D. C. The Congress will hold its ninth convention in Washington, December 4-6, 1912.

The National Child Labor Committee has established an independent journal, the "Child Labor Bulletin," the first issue of which appeared in June. This contained the addresses delivered at the National Conference on Child Labor in January, 1912. The August number deals with child labor laws in the different states. There is a summary of existing laws, the draft of a uniform law recommended for enactment by the different states, an article on the enforcement of child labor laws, and a symposium on street trades and their regulation.

Announcement is made of the publication of a new English daily journal, entitled "The Daily Citizen," published in London and Manchester. It will be the organ of the cause of labor. Trade-unions, the labor party in the House of Commons, and socialist organizations are represented on the board of directors (92 Fleet Street, London, E. C.).

P. S. King and Son, London, announce the publication of "The Burden of Protection," a magazine to be published by the International Free Trade League. The first number was issued in July. It contains articles by fifteen writers, most of whom are well known to economic students. Professor Brentano writes for Germany, Novikow for Russia, Bellet for France, Giretti for Italy. Contributions from the United States are by Mr. Byron W. Holt and President Jordan.

"El Eco Social" (Instituto Bibliográfico Panamericano, Apartado 778, Havana, Cuba, \$1.50 per annum) is a new monthly magazine of popular education and bibliography in the social sciences, edited by Senor A. Coderzo Vinageras, who for many years has labored in behalf of social progress in Cuba. Each issue will contain about 48 pages of reading matter and an equal number devoted to news and other items of all-American interest. The aim is to reflect the movement of contemporary social ideas in American countries and to promote an exchange of culture among them and between them and Europe, but not to advocate particular doctrines.

#### *Appointments and Resignations*

Mr. Arthur E. Andersen, lecturer in accounting in Northwestern University School of Commerce, formerly with Price, Waterhouse and Company, has been placed upon the permanent staff as assistant professor.

Dr. Frank G. Bates has been appointed associate professor of economics at Indiana University. He will do special work in municipal problems, and will cooperate with the Indiana State Library in legislative reference work.

Dr. Leonard S. Blakey has gone from Tufts College to take charge of the work in economics at Dickinson College.

Professor Robert C. Brooks, of the University of Cincinnati, has accepted a position at Swarthmore College.

Mr. W. R. Camp, assistant in the department of political economy in the University of Missouri, has accepted the chair of economics in Lombard College, Galesburg, Illinois.

Professor Edwin J. Clapp, of the School of Commerce, Accounts and Finance of New York University, has been granted a year's leave of absence to do work as special traffic commissioner for the directors of the port of Boston. He is to make an investigation and report which will aid the directors in their duty of "preparing a comprehensive plan for the development of the port of Boston," in so far as that plan includes the consideration of traffic routes and methods, trade conditions, and trade agencies.

Professor David T. Clark, of Williams College, is spending the year in study abroad.

Mr. John M. Ferguson has been appointed lecturer in economics at Hamilton College during the first term to conduct the courses given by Professor F. M. Davenport, who has been engaged in the campaign as Progressive candidate for Lieutenant Governor of New York.

Dr. James Ford, of Harvard University, has been recently engaged in studying the local housing problem in Newark, New Jersey. A report will be published early in 1913.

Mr. E. B. Gowin has been appointed instructor in sociology at Wesleyan University.

Miss Edith Gray has been appointed teaching assistant in economics in Oberlin College.

Professor M. B. Hammond, of the Ohio State University, has returned to his duties after a year's absence in Australia.

Miss Emilie J. Hutchinson has resigned her position as assistant in history at Barnard College to become instructor in economics at Wellesley College.

Mr. P. B. Kennedy has been appointed instructor in economics at New York University.

Dr. Frank J. Klingberg, formerly special agent, United States

Census Bureau, has been appointed instructor in economic history in Pennsylvania State University.

Mr. Oswald W. Knauth has been appointed instructor in economics at Princeton University.

Professor S. Gale Lowrie, formerly with the Wisconsin State Board of Public Affairs and instructor in the University of Wisconsin, has been appointed professor of political science in the University of Cincinnati to take the place of Professor Brooks.

Professor H. L. Lutz, of Oberlin College, is giving a course of lectures on corporations and business management at Toledo, Ohio, under the auspices of the Young Men's Business League and the Alexander Hamilton Institute.

George B. Mangold, has been promoted to the office of director of the St. Louis School of Social Economy.

Professor Roswell C. McCrea has been appointed dean of the Wharton School of Finance and Commerce of the University of Pennsylvania. With this appointment the Wharton School has been given a definite, independent grouping in the organization of the university.

Professor C. W. Mixer, of the University of Vermont, is on a year's leave of absence, and is engaged in studying scientific management with a manufacturing establishment in Philadelphia. Mr. A. W. Lahee is carrying on Professor Mixer's academic work.

Mr. William H. Parker has been promoted to the position of assistant professor of economics and social science in the University of Cincinnati.

Professor John B. Phillips, of the University of Colorado, has been appointed a member of the Colorado State Tax Commission, for a six-year term, and has resigned his university position.

Dr. L. G. Powers has resigned his position in the Census Bureau as chief statistician for agriculture, and is now confining his attention to the duties of chief statistician for city statistics. Dr. J. L. Coulter has charge of the work of the Division of Agriculture.

Mr. F. U. Quillin has been appointed professor of economics at Knox College.

Dr. W. E. Rappard has been appointed assistant professor in economics at Harvard University.

Mr. Thomas J. Riley has become general secretary of the Brooklyn Bureau of Charities, resigning his position as director of the St. Louis School of Social Economy.

Professor E. A. Ross, of the University of Wisconsin, expects to

leave for South America in August, 1913, to study the races and peoples south of Panama. He will make ethnographic, social, and economic observations from Ecuador to southern Chili, and expects to return in time for the beginning of the spring semester, 1914.

Miss Sarah Stites, of Bryn Mawr College, has been appointed instructor of economics at Simmons College.

Mr. C. W. A. Veditz is temporarily serving as statistical secretary of the Railway Arbitration Commission.

Dr. L. D. H. Weld has resigned his position with the Public Service Commission at New York city to take charge of the work in statistics at the University of Minnesota. He will also direct the university extension work in insurance, advertising and salesmanship, and transportation.

Professor Philip E. Wright, of Lombard University, is acting as assistant professor in economics at Williams College, while Professor Clark is taking a year's leave of absence.

Miss May Allinson, associate director of the department of research of the Women's Educational and Industrial Union, is in Europe studying the conditions relating to the industrial position of women. During her absence, Professor Amy Hewes, of Mt. Holyoke College, is supervising the investigations of the fellows, and Miss Lila V. North has become assistant director of the department.

Mr. Theodore W. Betak, accountant for the Merriam commission, for the Chicago Bureau of Public Efficiency and other public investigations, and Mr. Louis G. Groebe, member of the firm of W. W. Thompson and Company, have been appointed lecturers in accounting at Northwestern University.

Stephen I. Miller, of the Los Angeles Polytechnic High School, and Max L. Larkin, of the University of Chicago, have been appointed instructors in the department of economics and social science at Leland Stanford Jr. University.



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